



**2013/14**

# **HANTAM MUNICIPALITY ANNUAL REPORT**



**FINAL DRAFT 2014**

# CONTENTS

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CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY .....	6
COMPONENT : MAYOR’S FOREWORD .....	6
COMPONENT : EXECUTIVE SUMMARY .....	8
MUNICIPAL MANAGER’S OVERVIEW.....	8
MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW .....	10
SERVICE DELIVERY OVERVIEW.....	20
FINANCIAL HEALTH OVERVIEW .....	23
AUDITOR GENERAL REPORT .....	25
STATUTORY ANNUAL REPORT PROCESS .....	26
CHAPTER 2 – GOVERNANCE.....	31
COMPONENT : POLITICAL AND ADMINISTRATIVE GOVERNANCE .....	31
POLITICAL GOVERNANCE .....	32
ADMINISTRATIVE GOVERNANCE.....	36
COMPONENT : INTERGOVERNMENTAL RELATIONS .....	38
INTERGOVERNMENTAL RELATIONS .....	38
COMPONENT : PUBLIC ACCOUNTABILITY AND PARTICIPATION .....	40
PUBLIC MEETINGS .....	42
IDP PARTICIPATION AND ALIGNMENT .....	42
COMPONENT : CORPORATE GOVERNANCE .....	43
RISK MANAGEMENT .....	43
ANTI-CORRUPTION AND FRAUD .....	43
SUPPLY CHAIN MANAGEMENT .....	43
BY-LAWS.....	44
WEBSITES.....	45
PUBLIC SATISFACTION ON MUNICIPAL SERVICES .....	48
CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I).....	50
COMPONENT : BASIC SERVICES .....	54
WATER PROVISION.....	55
WASTE WATER (SANITATION) PROVISION .....	57

ELECTRICITY .....	62
WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING) .....	67
HOUSING .....	70
FREE BASIC SERVICES AND INDIGENT SUPPORT .....	73
COMPONENT : ROAD TRANSPORT .....	74
ROADS .....	74
TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION) .....	
WASTE WATER (STORMWATER DRAINAGE) .....	<b>Error! Bookmark not defined.</b>
COMPONENT : PLANNING AND DEVELOPMENT .....	
PLANNING .....	87
LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES) .....	<b>Error! Bookmark not defined.</b>
COMPONENT : COMMUNITY & SOCIAL SERVICES .....	89
LIBRARIES, .....	89
CEMETORIES .....	91
SOCIAL PROGRAMMES .....	92
COMPONENT : SECURITY AND SAFETY .....	96
SECURITY SERVICES .....	96
FIRE .....	96
LAW ENFORCEMENT .....	96
TRAFFIC.....	97
AERDROME.....	102
COMPONENT : SPORT AND RECREATION .....	105
COMMUNITY HALLS .....	105
SWIMMING POOLS.....	106
CARAVAN PARK.....	106
SPORTSGROUNDS.....	107
COMPONENT : CORPORATE POLICY OFFICES AND OTHER SERVICES .....	111
EXECUTIVE AND COUNCIL .....	124
FINANCIAL SERVICES .....	121
HUMAN RESOURCE SERVICES .....	124
COMPONENT : SERVICE PROVIDERS STRATEGIC PERFORMANCE .....	128

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE .....	138
(PERFORMANCE REPORT PART II).....	138
COMPONENT : INTRODUCTION TO THE MUNICIPAL PERSONNEL.....	140
EMPLOYEE TOTALS, TURNOVER AND VACANCIES .....	140
COMPONENT : MANAGING THE MUNICIPAL WORKFORCE.....	142
POLICIES .....	143
INJURIES, SICKNESS AND SUSPENSIONS.....	144
PERFORMANCE REWARDS .....	146
COMPONENT : CAPACITATING THE MUNICIPAL WORKFORCE.....	147
SKILLS DEVELOPMENT AND TRAINING.....	148
COMPONENT : MANAGING THE WORKFORCE EXPENDITURE.....	150
EMPLOYEE EXPENDITURE.....	150
CHAPTER 5 – FINANCIAL PERFORMANCE .....	154
COMPONENT : STATEMENTS OF FINANCIAL PERFORMANCE.....	155
STATEMENTS OF FINANCIAL PERFORMANCE .....	155
GRANTS .....	157
ASSET MANAGEMENT .....	158
FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS .....	160
COMPONENT : SPENDING AGAINST CAPITAL BUDGET.....	163
CAPITAL EXPENDITURE.....	164
SOURCES OF FINANCE .....	<b>Error! Bookmark not defined.</b>
CAPITAL SPENDING ON 5 LARGEST PROJECTS .....	165
BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW .....	166
COMPONENT : CASH FLOW MANAGEMENT AND INVESTMENTS .....	167
CASH FLOW .....	167
BORROWING AND INVESTMENTS.....	168
PUBLIC PRIVATE PARTNERSHIPS .....	<b>Error! Bookmark not defined.</b>
COMPONENT : OTHER FINANCIAL MATTERS.....	170
SUPPLY CHAIN MANAGEMENT .....	170
GRAP COMPLIANCE .....	170
CFO REPORT.....	214
CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS.....	172
COMPONENT : AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2013/14 .....	172

AUDITOR GENERAL REPORTS 2013/14.....	172
COMPONENT : AUDITOR-GENERAL OPINION 2013/14.....	173
AUDITOR GENERAL REPORT 2013/14 .....	173
GLOSSARY .....	191
APPENDICES .....	
APPENDIX A – ANNUAL FINANCIAL STATEMENTS .....	

## CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT: MAYOR'S FOREWORD

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#### MAYOR'S FOREWORD

**STILL TO BE COMPLETED**

##### **a. Vision**

(A succinct narrative on the direction of travel, key strategic objectives and the major changes that are being addressed). This is the most important single statement in the Annual Report.

##### **b. Key Policy Developments**

(This is based on Strategic alignment to the Provincial Growth and Development Strategy, and the IDP strategies included in the IDP especially with focus on impact and outcome achieved – bearing in mind that foreword provides details that should be included in the chapters to follow.

##### **c. Key Service Delivery Improvements**

(Comment on the major successes of the year included and provide an indication of challenges overcome.)

##### **d. Public Participation**

(Methods and/or processes used to increase public awareness on service availability

engage public in decision making and improve accountability to communities.)

**e. Future Actions**

(Initiatives committed whereby service delivery will be improved over the next few years.)

**f. Agreements / Partnerships** (announcements on special partnerships initiated)

**g. Conclusion**

Final thoughts on the year.

(Signed by :) \_\_\_\_\_

Mayor/Executive Mayor

**Delete Directive note once comment is complete** – The Mayor may wish to make brief mention of initiatives attempted that were not entirely successful in the interests of accountability and forming a closer, trusting relationship with the community

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## MUNICIPAL MANAGER'S OVERVIEW

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### MUNICIPAL MANAGER'S OVERVIEW

**STILL TO BE COMPLETED**

*Delete Directive note once comment is complete* - Municipal Manager to provide brief comments on improvements made to service delivery and 'mechanisms' or initiatives' initiated during the year to improve overall efficiency and effectiveness of municipal activities. Provide specific references with regard to: (i) the alignment of services to IDP indicators and Council priorities; (ii) service delivery performance; (iii) financial sustainability as represented by the financial health ratios; (iv) the efforts the municipality is making to conserve power and water in its offices and other facilities to compliment the conservation measures its residents are being requested to adopt in their own housekeeping; and (v) provide details of administrative policies made during the year reflecting the pressures from the world recession that impact on everyone (e.g. restrictions on conferences and other events outside your municipality and the use of meeting accommodation other than your municipality's own venues). See also Compiler's Guide.

Please describe any shared service arrangements (e.g. sharing ICT; payroll, billing,



revenue collection; or internal audit) your municipality has entered into with other municipalities (or other organisations). Give the reasons and the effects.

DRAFT

# MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

## INTRODUCTION TO BACKGROUND DATA

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The Hantam Municipality covers approximately 30 000 square kilometres and includes Calvinia, the centre, as well as Brandvlei, Loeriesfontein, Middelpos and Nieuwoudtville. The Hantam local municipality is one of six local municipality's that forms part of the Namakwa District Municipality.

Calvinia is approximately 400 km from Cape Town, Springbok, Upington and Beaufort West. A 1 250 meter tarred runway, very close to Calvinia, is used by many visitors to this beautiful part of the Northern Cape.

Seventy percent of the population of approximately 20 000 people live and work in the towns.

Farming is the main contributor to the economy, namely sheep, wool, lucerne as well as rooibos tea. Numerous government departments are also situated in Calvinia.

The Hantam is well known for its wide open spaces, stunning mountain ranges and nature reserves filled with an incredible array of plants and bulbs that cannot be found anywhere else in the world.

The growth rate is at 0.59%.



The municipality delivers basic services to the communities of Calvinia, Brandvlei, Loeriesfontein, Nieuwoudtville, Middelpas and Swartkop.

## Calvinia

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Calvinia is named after the French religious reformer Jean Calvin. The town is just south of the Hantam mountains on the banks of the Oorlogskloof (meaning "War Ravine") River.

Calvinia enjoys 80% starlight and is renowned for its kaleidoscope of spring wildflowers coinciding with the Namaqualand wildflower spectacle.

The name Hantam is derived from the Khoisan word !Han=ami, which refers to a plant with edible roots (*Pelargonium bifolium*, in Afrikaans "uintjies"). !Han=ami means "where the red bulbs grow".

The first reverend, N.J. Hofmeyr, proposed that the church be named after John Calvin. On 30 Oktober 1851 the town was officially named Calvinia. It became a municipality in 1904.



The Calvinia Museum is housed in the former art deco styled Jewish synagogue built in 1920. The museum portrays the lives of the early European settlers. It displays a cedarwood horsemill and mounted Cape fat-tailed, Merino and Dorper sheep. Unusual specimens such as a 4-legged ostriche and genetically strange sheep can also be viewed.

The Akkerendam Nature Reserve is located three kilometers north of Calvinia. The reserve offers unique flowers and two hiking trails cross the Hantam mountains. The

indigenous and rare sterboom (literally translated "star tree") (*Cliffortia arboreais*) can be seen here.

The Hantam Meat Festival, an agricultural show and great barbecue (Afrikaans "braai"), take place every year in late August.

The Boekhuis (translated "Book House") was built in 1860 by Jacobus Nel van der Merwe in Cape Dutch style with a concave-convex gable. It is a historical T-shaped house in Water Street and is made available for the exclusive use of writers.

## Brandvlei

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Brandvlei is a small town in the Karoo region of the Northern Cape. This is where a 19th-century trekboer called *Ou Brand* settled. Brand camped at this spot at the Sakrivier, a dry river bed, which only occasionally had water after good rains – and which typically result in flash floods. The settlement was cut in two by such a flood in 1961. After it was recovered, a municipality was formed in 1962.

Brandvlei is located in the Bushmanland, also known as the Thirst Land, *Dorsland* in Afrikaans. This area was once sub-tropical, such as during the Miocene period. Many fossils have that been found in the area back this fact for us. From 1910 the farmers used an irrigation method comparable to one used for thousands of years by the Egyptians. The surface is very flat, and water does not run away easily. This way the rainwater is spread over a larger area and are allowed to sink into the soil. The moisture in the area is enough to farm with crops on a very small scale. Farmers live on these crops once the rains have gone. On the long run this method is not feasible, as evaporating water leaves behind salt and other minerals. Today this method is no longer used.

This region contains very little vegetation, primarily very low shrubs and yellow grass among a rocky desert kind of landscape.



## Tourist Attractions

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- *Birdlife* – The salt pans are renovated into bird sanctuaries after the summer rains.
- *Dutch Reformed Church* – visit to the old Dutch Reformed Church in Neo-Gothic style
- *Lekkerlê en Kans* – Two farms exhibiting splendid displays of San rock engravings.
- *Paragliding* – In 1993 the record set for greatest gain in height was set in Brandvlei (4526m). The Karoo area is very thermic and has claimed multiple paragliding world records over the years.

## Loeriesfontein

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The town of Loeriesfontein is within a basin surrounded by mountains, and it is accessed from the N7 highway (north out of Cape Town), turning off on the R27 at Van Rhynsdorp to Nieuwoudtville, then following the R357 to Loeriesfontein (a further 65 km north).

Loeriesfontein became a municipality in 1958, but it has since lost that status in a re-organization of municipal responsibilities that incorporated it into Hantam Municipality. The town grew around a general store established in 1894 by a travelling bible salesman, named Fredrick Turner, the son of the sister of Charles Spurgeon. He came from Norwich, England. The store still exists. It is currently owned by Victor Haupt, the grandson of Fredrick Turner. The shop is currently called Turner & Haupt SPAR, and is 113 years in the family.

Southwestern Loeriesfontein forms part of the wider region known as Namaqualand, an area well known for its spring flowers (August and September) and its great variety of different plants - some 4,000 varieties are said to be evident in this region. The

flowers attract visitors to the region, but at other times activities centre around agriculture (sheep) and mining (salt).



## Tourist Attractions

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- *Windmill museum* – windpumps on display at the Fred Turner Museum.
- *Fred Turner folk and culture museum* – Cultural and historical way of life of the “Trek Farmers” of Namaqualand.
- *Salt Pans* – 100km from Loeriesfontein in the spacious plains of Bushmanland are salt pans (*dwaggas*) still in production.
- *Quiver trees* – Large quiver trees referred to as “Aloes” on the road from Nieuwoudtville to Loeriesfontein.

## Nieuwoudtville

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Nieuwoudtville lies on the Bokkeveld Escarpment and was established in 1897. It is a unique International Biodiversity Hotspot and lies on the Bokkeveld Plateau, where the Cape fynbos meets the Hantam Karoo, Bushmanland and the Knersvlakte. It is a place where the experience of silence, space and stars contribute to a tranquil way of life.



## Tourist Attractions

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- Neo-Gothic Sandstone Church (National Monument);
- Local Historical Sandstone Ruins;
- Quiver Tree Forest (Aloe Dichotoma);
- Glacial Pavement;
- abundant Rock Art;
- the local Bulb Nursery;
- Nieuwoudtville Wild Flower Reserve;
- Hantam National Botanical Garden;
- Oorlogskloof Nature Reserve and the Nieuwoudtville Waterfall Reserve.
- Outdoor activities can be enjoyed – including: caravanning; bird watching; hiking; cycling; hang and paragliding; 4 x 4 routes and stargazing.

## Middelpos

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The small village of Middelpos lies in the southern parts of the Roggeveld. This privately owned village is a place where the experience of silence, space and stars contribute to a tranquil way of life.

You will find Middelpos half way between Sutherland and Calvinia on the R354.

There is also a direct access road from Ceres.

Apart from the school and police station, the town also has a hotel, shop, garage and post office, as well as more than 50 residences with a population of ±300 people.

Outdoor activities that can be enjoyed, includes: bird watching; hiking; cycling; hang and para-gliding; 4x4 routes; star gazing, mountain climbing, donkey cart rides.



## Tourist Attractions

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### Akkerendam Nature Reserve

The reserve has three hiking trails across the Hantam Mountain, affording you the opportunity to take in magnificent scenery, study the sterboom as well as up to 65 species of birds.

### Dutch Reformed Church

Designed by Potchefstroom architect, Gaysford, the church is in neo-gothic style and cost £1 200 to build.

## Demographic information

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According to Census 2011, Hantam Municipality has a total population of 21 578, of which 82,2% are coloured, 12,1% are white, 4,4% are black African and 0,7% consists of Indian/Asian. The remainder of the population (0,6%) is made up by other groups.

### Population

Municipality	Population 2001	Population 2009	Population 2011
Hantam	19 942	20 351	21 578

The population of Hantam Municipality is remaining stable with little or no growth. There is also a high percentage (%) of backyard housing dwellings and illegal land occupants within the municipal area due to the non-availability of formal housing or serviced sights.



Of those aged 20 years and older, 18,8% completed Grade 12, 19,7% have some primary education, 8,4% completed primary education, 30,6% completed some secondary education, 8,1% have some higher education and only 14,4% had no schooling.

Unemployment and poverty affects a large number of people within the municipal area. The unemployment rate for the youth is 15,3% according to the 2011 census. Of the 7085 economically active people in the municipality, 11,8 are unemployed.

The economy of Hantam Municipality is dependent on the sheep farming agricultural sector, government services and the tourism industry. The sector showing significant growth is the tourism sector.

#### Sex and Age Distribution

AGE GROUPS	% MALES	% FEMALES
0-4	4.8	4.2
5-9	4.7	4.3
10-14	4.8	4.5
15-19	4.6	4.2
20-24	3.9	3.7
25-29	3.7	3.5
30-34	2.9	2.8
35-39	3.2	3.3
40-44	3.4	3.5
45-49	3.3	3.3
50-54	2.9	3.1
55-59	2.4	2.5
60-64	1.9	2
65-69	1.4	1.6
70-74	1	1.2

75-79	0.6	0.8
80-84	0.3	0.6
85+	0.2	0.5

#### Total

**Female = 49.9%**

**Male = 50.1%**

#### Level of Education

Of those aged 20 years and older, 18.8% completed Grade 12, 19.7% have some primary education, 8.4% completed primary education, 30.6 completed some secondary education, 8.1% have some higher education and only 14.4 had no schooling.

#### Settlement type

AREA	%
Urban	79.9%
Farm	20.1%

#### Socio-Economic Status

The socio-economic problems experienced in Hantam Municipality are related to the lack of adequate housing and the high unemployment rate in the municipal area. The Municipality has been working closely with the Social Development Department to deal with problems emanating from poverty and the lack of housing.

## Households

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The total number of households are set out in the table below – 2013/14

AREA	HOUSEHOLDS	INDIGENTS
Calvinia	3 515	330
Brandvlei	1 378	179
Loeriesfontein	1 665	438
Nieuwoudtville	1 284	118
Middelpos	54	15
Swartkop	200	35
Farms	2 200	0
<b>Total</b>	<b>10 296</b>	<b>1 115</b>

## Service Delivery Overview

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### Basic Services

Hantam Municipality set a number of key priorities in terms of improving service delivery. During the year under review, the municipality made contributions to satisfy basic requirements.

The Hantam Local Municipality delivers the following basic services to its community:-

- Water
- Sanitation
- Electricity
- Refuse removal

BASIC SERVICES	ACTUAL PERFORMANCE
Water	100%
Sanitation	100%
Electricity	100% for all towns except Middelpos
Refuse Removal	100% once per week
Roads	1000m2 road paved

Housing backlog as proportion of current demand	Unemployment Rate	Proportion of households with no income	Proportion of population in low-skilled employment	HIV/AIDS prevalence	Illiterate people older than 14 years
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1135	29%	8670	1209	900	1410
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## Housing

Hantam Municipality has appointed ASLA as a turnkey developer to build all RDP houses in Hantam Municipality. The 2013/14 financial year was the fourth year of their appointment. The biggest challenge in Hantam Municipality is dealing with the backlog of housing in Calvinia.

*Stats SA – February 2013*

Settlement Type	Total
Formal residential	4398
Informal Residential	-
Traditional Residential	-
Farms	1721
Parks & Recreation	9
Collective Living Quarters	6
Industrial	-
Small Holdings	-
Vacant	75
Commercial	131

## Water

The Municipality experienced an extreme water crisis in Loeriesfontein where water in boreholes dried up. Water had to be transported daily by truck to the town. This had a tremendous financial impact on the municipality.

## Electricity

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The electricity networks in Hantam Municipality belong to either Hantam Municipality or Eskom. Eskom provide part of the electricity in all the town except for Nieuwoudtville.

## Refuse Removal

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All residents in Hantam Municipality received 100% removal services once per week.

## Access to Basic Services

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All residents in Hantam Municipality have access to basic services.

## Sanitation

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The Bucket System has been eradicated in Hantam Municipality. There are no sanitation backlogs in Hantam Municipality.

## Indigent Policy Implementation

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The indigent policy is fully implemented in Hantam Municipality and the indigent register is continuously updated.

## Roads and Transport.

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The municipality roll-out an effective road-reseal programme in terms of road maintenance. Hantam Municipality offers vehicle registration services in Calvinia, Loeriesfontein, Brandvlei and Nieuwoudtville.

## FINANCIAL HEALTH OVERVIEW

During the 2013/2014 financial year, Hantam Local Municipality incurred some challenges. An on-going theme is Debt Collection in the Municipality. The outstanding debtor days are an indication that the municipality is not recouping their service fees quickly enough. This puts strain on the financial resources of the municipality.

Another unfortunate position the municipality finds itself in, is the fact that Loeriesfontein has a water crisis. To ensure continuous service delivery of water by the municipality, a huge monthly operational cost is incurred. This was not budgeted for. Another material effect is the fact that the National Equitable Share formulae has changed. This means that the municipality will receive almost the same amount for 3 years from the National Government. This has a material negative effect on the municipality.

Financial Overview - 2013/14			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income			
Grants	23692	24048	49160
Taxes, Levies and tariffs	37663	37771	41083
Other	1068	745	8690
Sub Total	62423	62564	98933
Less Expenditure	67051	67024	90045
Net Total*	-4628	-4460	8888
* Note: surplus/(deficit)			

Operating Ratio's	
Detail	%

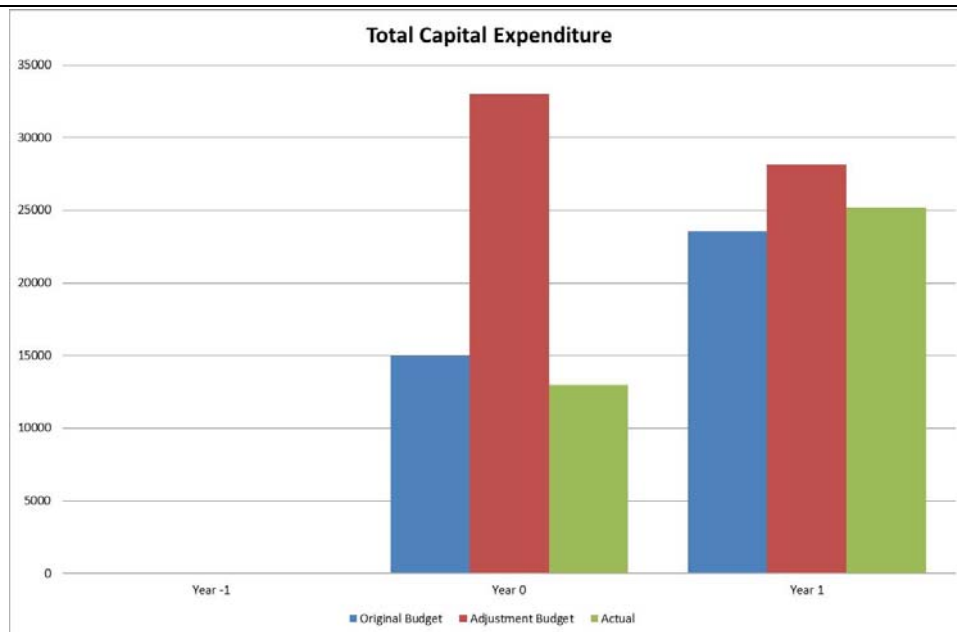
Employee Cost	28%
Repairs and Maintenance	4%
Finance Charges & Depreciation	9%

The norm for Employee Cost is 30% to total operating cost, currently the municipality stands on 28%. This is a positive indication in the sense that there is no overspending on staff cost and that the municipality has an efficient work force. The norm for Repairs and maintenance is 20%. The municipality stands on 4%. Unfortunately this is a negative indication as the municipality needs assets that are up to standard to have effective and efficient service delivery. The norm for Finance Charges and Depreciation is 10%. The municipality has a percentage of 9%. This is lower than normal which is a positive indication.

T1.4.3.

Total Capital Expenditure: Year -2013/14			
			R'000
Detail	Year -1	Year 0	Year 1
Original Budget		15000	23544
Adjustment Budget		33000	28138
Actual		13000	25188
			T1.4.4





T1.4.5

## AUDITOR GENERAL REPORT

### AUDITOR GENERAL REPORT 2013/2014

In the 2013/2014 financial year the municipality obtained an unqualified audit report from the Auditor General for the first time in 4 years. This shows how much work have been poured into the administration by the municipality to get the correct controls in place, put the correct processes in place during the year and constant focus on doing things according to legislation. Getting an unqualified report is not just a focus on preparing GRAP compliant financials; it is a constant focus on processes, controls and legislation.

## 1.1. STATUTORY ANNUAL REPORT PROCESS

N o.	Activity	Timeframe
1	June 2014	Assess the 2013/14 IDP & Budget process to address deficiencies, improvements and ensure integration and alignment of processes for 2014/15 - 2016/17
2	July 2014	Attend District IDP Managers Forum Meeting discuss outcomes of IDP and Budget Assessments, challenges and District Interventions i.t.o. IDP and budget planning for the review process
3		Signing of 2014/15 performance contracts for section 56 Managers
4		Prepare and finalise Departmental Plans
5		Final Section 56 Managers 2013/14 performance assessments.
6	August 2014	Draft 2015/16 IDP and Budget process time schedule outlining the steps and timeframes for compilation of the 2015/16 IDP, Budget and two outer year's Budget and SDBIP.
7		Consult Sector Departments to establish programme/projects for 5 years - Inter- Governmental engagements on IDP and Budget
8		Tabling of and briefing Council in Draft 2015/16 IDP/Budget Process Plan for approval, including time schedule for IDP/Budget Public participation meetings

9	September 2014	Advertise the budget process and dates of IDP/Budget Public meetings on municipal website, local newspaper.
10		Attend District IDP Managers Forum Meeting. Develop uniform guidelines for IDP/Budget review
11		Ward Committee meetings - Quarter One
12	October 2014	Submit Quarterly (July - September) on implementation of budget and financial state of affairs to Council
13		Submit MFMA Implementation plan to National and Provincial Treasury
14		Submit bulk resource documentation, electricity to NERSA for consultation on municipal tariffs for 2015/16 and two outer years (D-forms)
15	November 2014	Based on financial statements of 2014/15 determine municipality's financial position & assess its financial capacity & available funding for the next three years
16		Review Municipal Strategies, objectives, KPA's, KPI's and targets - Identification of priority IDP KPI's incorporate in IDP and link to budget.
17		Management articulates outcomes, objectives, priorities and outputs desired for next three years and submit capital budget project proposal for draft IDP Review document to Budget Office

1 8	December 2014	Finalise preliminary projections on operating and expenditure budget for 2014/15
1 9		Conclusion of Sector Plans and integration into the IDP Document
2 0		Ward Committee meetings - Quarter Two
2 1	January 2015	Management finalise draft IDP & Capital Budget for referral to IDP & Budget Steering Committees.
2 2		Tabling of 2014/2015 Mid-Year Assessment
2 3		Submit Quarterly report (Oct 2014 - Dec 2014) on implementation of budget and financial state of affairs to Council. (Combining with Sec.72 Report)
2 4		Tabling of 2014/2015 Revised Budget and submitting to National and Provincial Treasury
2 5		Tabling of Draft Annual Report of 2013/14 year to Council and submit to National Treasury and Cogesta
2 6		Reviewing of municipal strategies, KPA's, KPI's and targets (SDBIP)
2 7		Publication of Revised Budget on municipal website
2 8		Municipal receive inputs from National and Provincial Government on factors influencing the budget, e.g. Grant Allocations

29	February 2015	Attend District IDP Managers Forum meeting to discuss the alignment of IDP Strategic development goals with the District Municipality Draft IDP presentations
30	March 2015	Present Draft IDP and Budget to Steering Committee for quality check
31		Workshop draft IDP and Budget and proposed tariffs and SDBIP with Council
32		Tabling of Draft IDP and Budget and proposed tariffs and SDBIP in Council for approval
33		Ward Committee meetings - Quarter Three. Discuss draft IDP and Budget
34		Council adopt oversight report of the Annual Report of the 2014/2015 Year
35	April 2015	Advertise and inviting public comments on Draft Budget, proposed Tariffs and IDP. Place copies of the Draft Budget and IDP at all municipal offices
36		Forward copies of preliminary approved Budget, IDP, SDBIP and related documents to National and Provincial Treasury within 10 working days after tabling
37		Public consultation meetings with communities
38		Engagement with Provincial Treasury on draft budget benchmark
39		CFO and Corporate Services analyse public and ward committee comments and inputs on draft IDP and Budget and prepare recommendations for Council's perusal.

4 0		Council considers public and Government Dept comments and inputs and revised IDP, Budget and SDBIP if necessary
4 1	May 2015	Present final IDP, Budget and SDBIP for quality check (Including all recommendations made by stakeholders)
4 2		Table final IDP, Budget and SDBIP and related documents to Council for approval.
4 3		Inform local community on approved IDP and Budget detail by publishing in the local newspaper
4 4	June 2015	Send copies of approved Budget, IDP and related documents to National and Provincial Treasury and other stakeholders. Ensure signing the quality certificate. (within 10 working days)
4 5		Publication of approved IDP and Budget on the municipality's website
4 6		Submit draft SDBIP to Mayor within 14 days after approval of budget
4 7		Mayor approves the municipality's SDBIP within 28 days after the approval of the budget and submit hard and electronic copies to National Treasury
4 8		Municipal Manager to sign certificate that the approved budget is captured correctly in the financial system of the municipality

## CHAPTER 2 – GOOD GOVERNANCE

### INTRODUCTION TO GOVERNANCE

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The characteristics of Good Governance is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive. It complies with the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. Good Governance is also responsive to the present and future needs of the society the municipality is served.

### COMPONENT: POLITICAL AND ADMINISTRATIVE GOVERNANCE

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#### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

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Section 151(3) of the Constitution states that the council of a municipality has the right to govern, on its own initiative, the local government affairs of the local community. Council as political governance, performs both legislative and executive functions. Council focuses on decision-making to formulate policy and to play an oversight and participatory role.

The legislative function of the Council is vested within the full council with the Mayor/Speaker as its Chairperson.

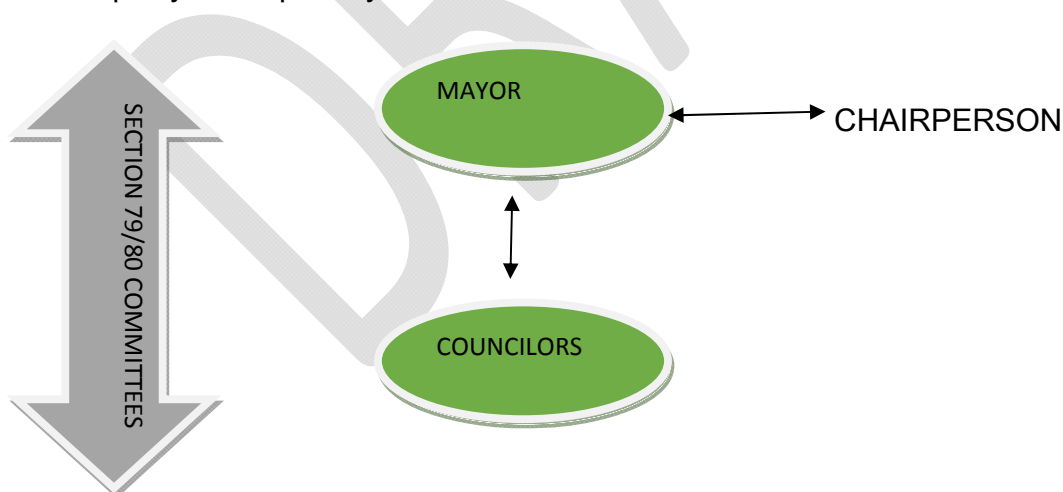
Council also established Section 80 committees within specific functional areas of the municipality.

The Audit/Performance Audit committee is an independent advisory body that advises the municipal council, political office-bearers, Accounting Officer and Management Staff of the municipality on financial control, risk management, accounting policies, performance management and effective governance.

The Municipal Public Account Committee (MPAC) fulfils the duty of an Oversight Committee, and comprises non-executive councillors, with the specific purpose of providing council with comments and recommendations on the Annual Report. The Oversight Committee's report is published separately in accordance with MFMA guidelines. The MPAC Committee also investigate fruitless, wasteful and unauthorized expenditure and make recommendations to council.

## POLITICAL STRUCTURES

Hantam Municipal Council is constituted of 9 councillors (ward & PR). The DA/Cope coalition has five (5) councillors and the ANC four (4) councillors. Hantam Municipality has a plenary council.





The structuring of the council is set out in the table below:

WARD	COUNCILLOR	PARTY	WARD/PR	MALE/FEMALE
PR	A. Fritz	DA	PR - MAYOR	Male
Ward 1	M. Esau	ANC	Ward councillor	Female
Ward 2	R. Swartz	ANC	Ward councillor	Male
Ward 3	F. Sterkse	ANC	Ward councillor	Male
Ward 4	J. Wilschut	ANC	Ward councillor	Female
Ward 5	G. Opperman	DA	Ward councillor	Female
PR	A.J.E. Claasen	DA	PR councillor	Male
PR	H. Steenkamp	DA	PR councillor	Female
PR	J. Swarts	COPE	PR councillor	Male

## COUNCIL COMMITTEES

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COMMITTEES	COUNCILLORS
FINANCIAL COMMITTEE	A.F. Fritz (Chairperson) F. J. Sterkse A.J.E. Claasen
INSTITUTIONAL COMMITTEE	A.J.E. Claasen(Chairperson) J.H. Wilschut A.F. Fritz
INFRASTRUCTURE COMMITTEE	J. Swarts (Chairperson) R.N. Swarz H.C. Steenkamp
SOCIAL SERVICES COMMITTEE	G. Opperman (Chairperson) M.S. Esau J. Swarts
LOCAL LABOUR FORUM	J. Swarts (Chairperson) G. Opperman F.J. Sterkse A.J.E. Claasen

## POLITICAL DECISION- TAKING

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Political decisions are taken in formal meetings:-

- General Council Meetings;

- Special Council Meetings;
- Special Council In-Committee Meetings.

Decisions taken in special council-in committee meetings are being approved/not approved in a general/special council meeting. All participating political parties in council have equal opportunity to deliberate the items as per agenda, where after a resolution is adapted.

The following table below indicates the resolutions taken for the 2013/14 financial period:-

Total number of resolutions	Total number of resolutions implemented	Total number of resolutions not implemented	Reasons for resolutions not implemented.
168	165	3	

Total % of Resolutions Implemented	98%
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## COUNCIL MEETINGS

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TYPE OF MEETING	NR. OF MEETINGS	DATES OF MEETINGS
Council General Meetings	5 meetings	27/07/2013 29/08/2013 28/11/2013 27/03/2014 30/06/2014
Council Special Meetings	5 meetings	02/10/2013 30/10/2013 28/01/2014 29/05/2014 24/06/2014
Special Council In-Committee	1 meeting	19/08/2014
Committee Meetings	2 meetings	

## ADMINISTRATIVE GOVERNANCE

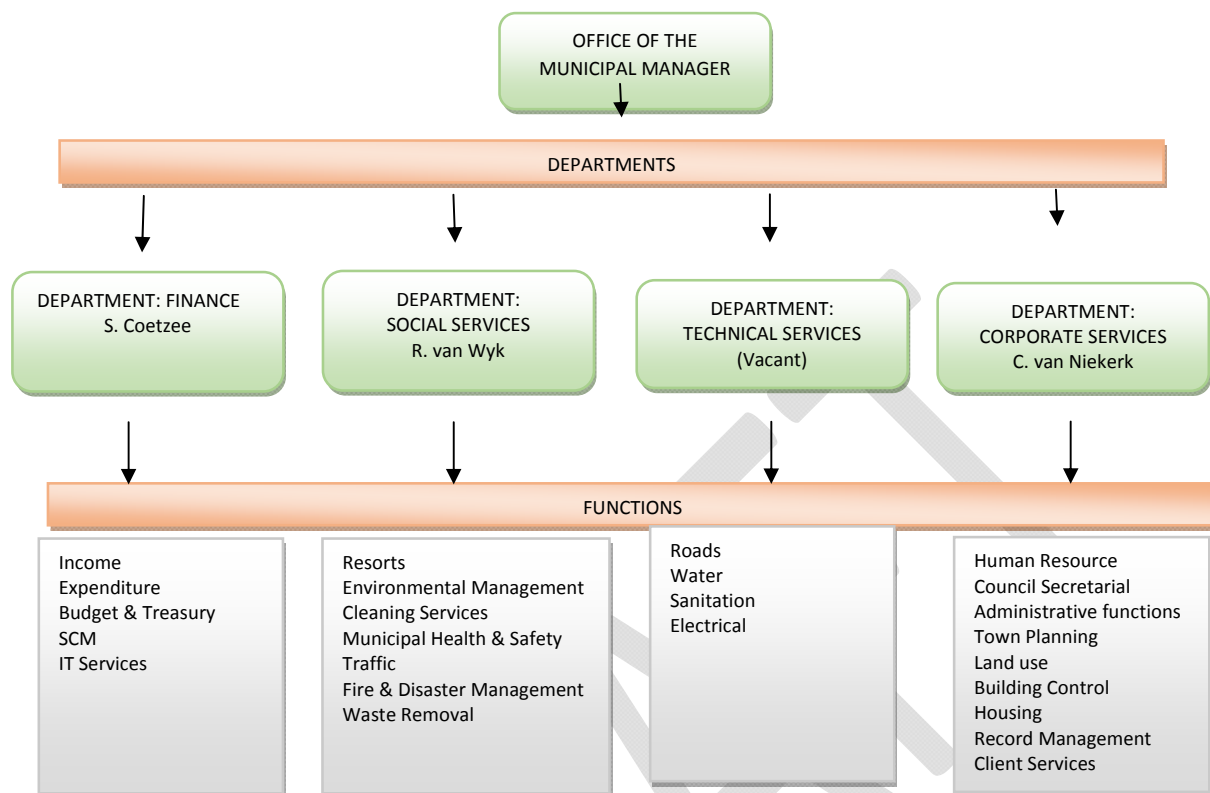
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### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

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The Administration is headed by the Municipal Manager as the Accounting Officer. The Municipal Manager is responsible and accountable for the formation and development of an economical, effective, efficient and accountable administration as well as the management of the provision of services in a sustainable and equitable manner within the municipality.

## Administrative Structure 2013/14



Head of Department	Department	Performance Agreements signed Yes/No
C. du Plessis	Municipal Manager	Yes
S. Coetzee	Finance	Yes
R. van Wyk	Social Services and Technical Services	Yes

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

The Intergovernmental Relations Framework Act (IGRFA) was passed in 2005. The Act provides a framework for the cooperation among the three spheres of government as distinctive, interdependent and interrelated, and it defines the responsibilities and institutional structures to support closer cooperation.

The Intergovernmental Relations (IGR) Unit in the Department of Local Government and Housing came about as a result of the introduction of legislation initiated and monitored by the Department of Provincial and Local Government. The aim of the Unit is to encourage and enforce cooperative governance amongst the three spheres of government, National, Provincial and Local Government (Municipalities).

For Hantam Municipality to succeed in its developmental role, proactive cooperation between all spheres of government is critical for efficient and effective service delivery. Each sphere of government has a role in the development planning, prioritization and resource allocation.

Hantam Municipality has been taking full part in all Intergovernmental Relations meetings at both District and Provincial Level. The municipality interacts and participate in all IGR forums, compromising all government departments. Other engagements also took place through the year, both on an ad hoc or project based

approach by different line departments. The municipality also actively participate in forums set up by SALGA during the period under review.

The following councillors represents, interacts and participate in different committees or forums:-

- Cape Retirement Fund – A.J.E. Claasen
- IDP Forum – G. Opperman.
- Skills Development and Employment Equity – G. Opperman.
- Police Forum – M. Esau.
- Esta Committee – F. Sterkse.
- Museum Representative – G. Engelbrecht.
- Commonage Committee – J. Swartz.
- IGR Provincial and District - A. Fritz
- HIV/Aids Council – M. Esau.
- Health Committee – R. Swartz.

#### SALGA REPRESENTATION

- Economic Development – A. Fritz.
- Municipal Finance and Administration – A.J.E. Claasen
- Social Development: Health and Safety – H. Steenkamp.
- Municipal Services – J. Swarts.
- Management and IGR – A. Fritz-

## COMPONENT: PUBLIC ACCOUNTABILITY AND PARTICIPATION

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### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

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In terms of Section 15(b) of the Municipal Systems Act, a municipality is required to establish and organise its administration to facilitate a culture of accountability amongst its staff. Section 16(1) states that a municipality must develop a system of municipal governance that complements formal representative governance with a system of participatory governance. Section 18(1)(d) requires a municipality to supply its community with information concerning municipal governance, management and development.

Accountability and Community Participation were enhanced by engagements through the following media:-

- Messages on municipal accounts.
- Community radio: Radio Kaboesna and Radio Namaqualand
- Local Newspaper: Die Noordwester.
- Pamphlets at houses.
- Posters on strategic places in towns.
- Loud Hailing.



## Public Meetings

### Community meeting: IDP/Budget

Nature & Purpose of meeting	Number of meetings	Towns/Wards	Dates of meetings	Nr. of Councillors Attended	Nr. of Municipal Administrators Attended	Nr. of Community Members
IDP/Budget Meeting	1	Loeriesfontein	15/04/2013	2	2	22
		Nieuwoudtville	16/04/2013	3	3	10
		Calvinia	17/04/2013	2	2	14
		Brandvlei	18/04/2013	1	2	15

### Ward Committee meetings

Ward	Town	Nr. of meetings	Dates of meetings	Nr. of Councillors Attended	Nr. of Municipal Administrators Attended	Nr. of Community Members
3	Brandvlei	6	29/07/13	1	0	8
			29/10/13	1	0	7
			09/12/13	1	0	6
			18/02/14	1	0	7
			27/05/14	1	0	7
			23/06/14	1	0	8
5	Loeriesfontein	2	27/08/13	1	1	12
			22/10/13	1	0	11
1;2;4	Calvinia; Nieuwoudtville	0	<i>Wards 1, 2 and 4 not functional and a new ward committee will be established in September 2014.</i>			

## IDP PARTICIPATION AND ALIGNMENT

The Municipal Systems Act (No. 32) of 2000 requires that local government structures prepare Integrated Development Plans (IDP's). The IDP serves as a tool for the facilitation and management of development within the municipal area. The function for the preparation of the IDP is under the Office of the Municipal Manager and the authority for the preparation of the IDP is delegated to an official. In terms of the alignment of the IDP, there is still challenges that will be addressed in the new financial year.

IDP Participation and Alignment Criteria	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	No
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	No
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	No
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

## COMPONENT: CORPORATE GOVERNANCE

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### OVERVIEW OF CORPORATE GOVERNANCE

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Corporate Governance is the system by which municipalities direct and control their functions and relate to the communities.

#### RISK MANAGEMENT/ ANTI-CORRUPTION AND FRAUD

Internal Audit work is planned with a reasonable expectation of detecting significant control weaknesses in the specific areas reviewed. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected. Accordingly, our reviews and investigations as internal auditors should not be relied upon solely to disclose fraud, defalcation or other irregularities that may exist.

Key risk areas identified and recommendations made by the Internal Audit, the Audit/Performance Audit Committee, the Auditor General Report and the MPAC Committee are being addressed by follow-up audits and by an Action Plan.

*\*Refer to attached reports of Internal Audit; Audit/Performance Committee and the Auditor General Report.*

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#### 2.8 SUPPLY CHAIN MANAGEMENT

Section 110-119 of the Supply Chain Management Regulations 2005 and relevant MFMA Circulars, set out the required processes and guidance to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize opportunities for fraud and corruption.

Reports on the implementation of the Supply Chain Management Policy are submitted monthly to the Accounting Officer. These reports are also tabled in special council meetings.

The Procurement Processes consists of the following components:-

- Contract Management
- Advertising
- Specification
- Evaluation
- Adjudication

## 2.9 BY-LAWS

Section 11(3)(m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.

The following new by-laws of Hantam Municipality were developed during the 2013/14 financial period:-

By-laws introduced during year 2013/14					
Newly developed	Revised	Public Participation Yes/No	Dates of Publication	By-law Gazetted Yes/No	Date of Publication
Risk Management Policy	No	Yes	7 February 2014	Yes	2 June 2014
Debt Collection and Credit Control Policy	No	Yes	7 February 2014	Yes	2 June 2014

(Tariffs)					
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*The following by-laws were adopted/Revised and are published on the municipal website;-*

1. Law Enforcement
2. Cemeteries
3. Keeping of Dogs Control
4. Keeping of Animals, Poultry and Bees Control
5. Street Trading Control
6. Advertising signs and Disfigurement of the Fronts or Frontages of Streets Control
7. Water Services
8. Building Control
9. Municipal Taxi Ranks
10. Electricity
11. Fire Brigade
12. Refuse Removal
13. Caravan Parks
14. Swimming Pool
15. Municipal Commonage
16. Fireworks
17. Standing Orders
18. Antennae Systems
19. Impoundment of animals

## 2.10 WEBSITES

In terms of Section 75 of the MFMA the accounting officer of a municipality must place the following documents, set out in the table below, on the municipal website referred to in section 21A of the Municipal Systems Act:-

Documents published on Municipality Website	Yes/No	Publishing Date
Current annual and adjustments budgets and all budget-related documents.	Yes	
All current budget-related policies	yes	
The previous Annual Report (2012/13)	yes	6/6/2013
The annual Report published/to be published (2013/14)	In process	In process
All current performance Agreements required in terms of section 57(1)(b) of the MSA and resulting scorecards. (2013/14)	yes	6/12/2012 15/12/2012
All Service Delivery Agreements (ASLA)	no	
Long Term Borrowing Contracts (DBSA)	no	
All SCM contracts above a prescribed value	yes	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14(2) or (4)	no	
Contracts agreed to which subsection (1) of section 33 apply, subject to subsection 3 of that section	n/a	n/a
Public Private Partnership Agreements (section 120)	n/a	n/a
All quarterly reports tabled in council in terms of section 52(d)		

- In terms of Section 62(1)(c) of the MFMA, the accounting officer of the municipality must take reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

The Hantam Municipality does not have a Risk Management Unit or a designated official/Risk Officer. However all risk related functions are being done by the Finance Department and the Internal Audit Committee. A Risk Management Policy was developed and approved in June 2014. The Risk Register are in place and are being monitored and updated on a regular basis. Risks from findings of the external audit report are being addressed through the OPCAR Action Plan. Management is responsible for the establishment and maintenance of an effective system of internal control, risk management and governance processes. Anti-Corruption and fraud are being addressed through Risk Management.

Management's responsibility is the establishment and maintenance of an effective system of governance to:

- Promote appropriate ethics and values within the municipality.
- Ensure effective organizational performance management and accountability.
- Effectively coordinate the activities of and communicate information among the council, management and external and internal auditors.

## Public Accountability and Participation

A Survey on Public Satisfaction on Municipal Services is done annually. The Annual survey for the 2013/14 period was done in June 2014 in all wards. The surveys was conducted through the ward councillors.

*The table below shows the outcome of the survey in terms of customer satisfaction:-*

ANNUAL SATISFACTION SURVEY UNDERTAKEN DURING 2013/14				
Subject matter of survey	Survey Method	Survey date	Nr. of people included in survey	Survey results indicating satisfaction (%)
Overall satisfaction with service delivery and needs of the community	Questionnaire	June	Councillors in all wards. (500)	45%

### Overall Comments on survey conducted

The questions on the questionnaire of the survey focussed on the basic services such as water, electricity, waste removal, sanitation and roads, Communication, other services of the municipality, development needs and improvements and developments in the community.

The survey was done through the ward councillors. Challenges experienced that had an impact on the outcomes were:-

\*not all external stakeholders of the municipality included in the survey.

\*ward councillors aligned to specific political party could influenced the outcome.



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\*service providers and businesses to be included in the survey

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## CHAPTER 3 – SERVICE DELIVERY PERFORMANCE

This chapter provides an overview of the key service achievements of the municipality during the 2013/14 financial period in terms of the deliverables achieved compared to the key performance objectives and indicators in the IDP and achievements compared to the actual performance.

### 3.1 OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

Performance Management is a process which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality.

At local government level performance management is institutionalized through the legislative requirement on the performance management process for Local Government. Performance Management provides the mechanism to measure whether targets to meet its strategic goals are met.

The Constitution of South Africa (1996), section 152, dealing with the objectives of local government, paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of section 195(1) are also linked with the concept of performance management, with reference to the principles of inter alia:

- the promotion of efficient, economic and effective use of resources.
- accountable public administration,
- to be transparent by providing information,
- to be responsive to the needs of the community,
- and to facilitate a culture of public service and accountability amongst staff.

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The Municipal Systems Act, 2000, requires municipalities to establish a Performance Management System. It also requires the Integrated Development Plan (IDP) to be aligned to the municipal budget. It monitors the performance of the budget against the IDP through the Service Delivery and Budget Implementation Plan (SDBIP).

Regulation 7 of the Local Government: Municipal Planning and Performance Regulations of 2001 states that “ A municipality’s Performance Management System entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players.

In terms of section 46(1)(a) of the MSA a municipality must prepare for each financial year a performance report reflecting the municipality’s and any service providers performance during the financial year.

Strategic performance indicates how well the municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is efficient, effective and economical. Implementation of organizational performance must be monitored on an ongoing basis and the results must be reported on during the financial year to various role players to ensure corrective measures are implemented.

This report highlight the strategic performance in terms of the municipalities SDBIP, high level performance in terms of the National Key Performance Areas, performance on the National Key Performance Indicators prescribed in terms of section 43 of the MSA , 2000 and an overall summary of performance on a functional level and municipal services.

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The Municipality adopted a performance management framework that was approved by council and will be reviewed by June 2015. The IDP was reviewed and approved for 2013/14 and the budget for 2013/14 was approved by council.

The organisational performance was evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and through the service delivery and budget implementation plan (SDBIP) at directorate and departmental levels. The SDBIP was prepared as described and approved by the Mayor.

The departmental scorecards was compiled by means of a Technical SDBIP by senior managers for their directorates and consists of objectives, indicators and targets which derived from the approved Top Layer SDBIP, the approved budget and measurable service delivery indicators related to each functional area. The Municipality utilizes a manual based performance management system which are being updated on a quarterly basis.

The Municipal Systems Act, 2000 (Act 32 of 2000) prescribes that the municipality must enter into performance based agreements with all section 56 employees and that performance agreements must be signed and reviewed annually. Performance Agreements for all section 56 and 54A managers were signed in July 2013. The appraisal of the actual performance in terms of the signed agreements took place bi-annually.

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## INTRODUCTION

The Hantam Local Municipality delivers certain services and functions to its residents, taking into the account the financial position and limited resources. The municipality render the following services against its strategic objectives and set performance targets during 2013/14:-

Water services

Sanitation

Electricity

Waste removal & maintenance of landfill sites

Housing services

Roads and storm water

Limited Traffic services

Planning and local economic development

Library services

Museums

Parks and open spaces

Community & sport facilities

Cemeteries

Social programs

Fire services

Disaster management (delivered by Namakwa District Municipality)

Animal licencing and control

Law Enforcement and Security

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## COMPONENT A: BASIC SERVICES

### INTRODUCTION TO BASIC SERVICE

Hantam Municipality delivers on its core functions and targets. Performance targets for basic services were set, taking into account the financial position of the municipality and the availability of resources. The focus was on delivering the basic services to the community to the best of its ability with limited resources and finance.

The Hantam municipality delivers the following basic services to its residents:-

Water provision

Sanitation provision

Electricity

Waste management

Housing

Free basic services and indigent support

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### 3.1. WATER PROVISION

#### INTRODUCTION TO WATER PROVISION

The residence in the municipal area have 100% access to water services. The municipality experience an extreme water crisis during 2013/14 in Loeriesfontein where all the water in the boreholes (wells), which provide the town with water, dried up. The municipality had to delivered water to the residence by truck on a daily basis. This have a tremendous financial impact on the municipality with a monthly expense of R150 000 rand per month. Alternative short-, medium- and long term plans are putting in place to try to manage the crises. Community meetings took place on this matter. New boreholes had to be drilled as well as old boreholes cleaned and equipped. The additional boreholes have alleviated the immediate problem but not solved the long term problem. The Department of Water Affairs was engaged to find a solution to the problem and a R900 000 project was approved by DWAF to fund a study to find alternative water resources and install an emergency pipeline for 30 km with a cost of R6million. The Blue drop risk rating is at 15.12%. The Blue drop score is at 84% which shows an increase.

SOURCES OF WATER (*2011 StatsSA)	
Local Water Scheme	72%
Borehole	23%
Spring	1%
Rain water tank	0.7%
Dam/Pool/Stagnant water	1.9%
River/Stream	0%
Water vendor	0.2%
Water tanker	0.9%
Other	0.5%

*\* The dried up of wells/boreholes in Loeriesfontein have an impact on above.*

WATER USAGE – HOUSEHOLDS	
<b>Water</b>	
Piped water inside stand pipes	2278
Piped water inside yard	2620
Piped water on community stand: less 200m.	258
Piped water on community stand: greater than 200m.	224
Borehole	30
Spring	28
Rain-water tank	6
Dam/pool/stagnant water	6
River/stream	-
Water vendor	39
Other	

HOUSEHOLDS – WATER SERVICE DELIVERY 2013/14				
Description	Actual Nr.	Original Budget Nr.	Adjusted Budget Nr.	Actual Nr
Total households	4898	4898	4898	4898
Households below minimum service level	0	0	0	0
Proportion of households receiving 6kl free water	1115	1115	1115	1115



\*35 households of Swartkop not billed due to plots not serviced, but have 100% access to water

## EMPLOYEES

Description	Total nr of posts filled
Water Services	21 posts

### Capital Expenditure: Water Services

Capital Project	Total Project Value	Actual Expenditure	Variance (R) %
Calvinia Water Treatment Plant	18 000 000.00	6 036 681.24	11 963 318.76

## 3.2 PROVISION OF SANITATION SERVICES

### INTRODUCTION TO SANITATION PROVISION

All residents in Hantam Municipality have access to at least a basic sanitation service. The Bucket System has been eradicated within the municipal area. There are no sanitation backlogs in Hantam Municipality.

The Green drop score is 52.44% which indicates an improvement. However Middelpolis is still a major risk. The status of Middelpolis indicates that the disposal of waste may detrimentally impact on a water resource (groundwater).

Average SEWERAGE REPAIRMENTS 2013/14	
Sewerlines repaired	49
Sewer blockages	162
Sewer inspections	146

Town/Area	Flush toilet sewerage	Flush toilet (septic tank)	Chemical toilet	Pit Latrine (ventilation)	Pit Latrine (no ventilation)	Bucket	None
Calvinia	1333	792	0	39	0	0	0
Brandvlei	0	582	0	60	140	0	0
Hantam	154	617	64	143	172	89	610
Loeriesfont	308	750	0	340	0	0	0
Nieuwoudv	242	401	0	0	0	0	0
<b>Total</b>	<b>2 645</b>	<b>3 142</b>	<b>64</b>	<b>543</b>	<b>312</b>	<b>89</b>	<b>610</b>

Nr./proportion of households with access to free basic sanitation	1115
Nr/proportion of households with access to sanitation	4898
Nr of households receiving sanitation	6013

Employees: Sanitation					
Job level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies	Vacancies (as % of total posts)
0-3		7	7	0	7
4-6					
7-9		5	5	0	5
10-12					
13-15					
16-18					
19-20					
Total		12	12	0	12

Financial Performance : Sanitation 2013/14				
Employee costs	Repairs	Other	Total Costs	Revenue
1 774 577	27 107	1 281 294	3 082 978	-3 608 881

Capital Expenditure: Sanitation					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance	Total project value
Calvinia WWTW	18 000 000		6 000 000	12 000 000	18 000 000
ACIP Refurbishment	5 000 000	5 000 000	10 000 000		10 000 000
ACIP Refurbishment	2 500 000	3 300 000	3 300 000		3 300 000



**ACTUAL**
**SANITATION**

VOTE INDICATOR	Unit Measurement	Target	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Health and Safety	Prepare H&S													
Environment	equipment Schedule	1												
Sustainable basic services	Provide basic sanitation to all households	Monthly												
			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Upgrade of sewer plant													
Maintenance of Public Facilities	Development of a long-term operation and maintenance plan	1												
	Maintenance of sewer network	Monthly												
			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

## ELECTRICITY

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### INTRODUCTION TO ELECTRICITY

Electricity Reticulation is a Local Government Competence in terms of the Constitution and forms the highest earner of revenue within municipalities. Electricity is supplied to all formal households in the municipal area. Electricity is provided by ESKOM and the Municipality. There is an overall decrease in electricity losses as from the previous year.

#### *Electricity Provision*

MUNICIPALITY	ESKOM
Calvinia, Loeriesfontein, Nieuwoudtville Brandvlei	Calvinia-wes ; Loeriesfontein, Brandvlei

#### *Electricity Losses*

2012/13	2013/14
19.4%	17.9%

\*The electricity losses were determined at 17.9% for the 2013/14 financial year as opposed to the 19.4% of the previous financial year. There is a 1.5% decrease in electricity losses as opposed to the previous year. This is considered an excellent achievement.

Electricity Service Delivery Levels				
Description	2010/12	2011/12	2012/13	2013/14
	Actual no	Actual no	Actual no	Actual no
Energy (above minimum level)				
Electricity (at least min. service level)				4833
Electricity (prepaid (min service level)				
Sub Total				
Percentage				
Energy (below minimum level)				
Electricity (min service level)				65
Electricity (prepaid (min service level)				
Other energy sources				
Sub-total				
Percentage				
<b>Total number of households</b>				

Households: Electricity below minimum levels						
Description	2010/11	2011/12	2012/13	2013/14		
	Actual No	Actual No	Actual No	Original Budget No	Adjusted Budget No	Actual No
Total Households						4 898
Households below minimum service level						65
Proportion of households below minimum service level						

Employees: Electricity					
Job level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies	Vacancies (as % of total posts)
0-3					
4-6			4	0	0
7-9			1	0	0
10-12			1	0	0
13-15					
16-18					
19-20					
Total			6	0	0

Financial Performance : Electricity 2013/14				
Employee costs	Repairs	Other	Total Costs	Revenue
1 866 290	575 467	19 723 410	22 165 167	-24 092 987

Capital Expenditure: Electricity					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance	Total project value
DOE Loeriesfontein	1 680 000		1 680 000	0	1 680 000
207 RDP connections					



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ELECTRICITY PROVISION 2013/14	
Municipal	ESKOM
38.43%	61.56%

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**ACTUAL**

## ELECTRICITY

[illegible]

## WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

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### INTRODUCTION TO WASTE MANAGEMENT

The municipality delivers solid waste service to the residents of Hantam Municipality. All residents are receiving the service once a week. A black system is applied for the removal of all solid waste. A big challenge is illegal dumping of waste by residents in the municipal area.

The Municipality has 4 landfill sites of which Calvinia, Brandvlei and Loeriesfontein have Permit Licenses and Nieuwoudtville is in the process for Permit Licensing.

Waste Removal Service Delivery Levels				
Description	2010/12	2011/12	2012/13	2013/14
	Actual no	Actual no	Actual no	Actual no
Solid Waste Removal (above minimum level)				6013
Removed once per week				
Sub Total				6013
Percentage				100%
<b>Total number of households</b>				6013

Households: Solid Waste below minimum levels						
Description	2010/11	2011/12	2012/13	2013/14		
	Actual No	Actual No	Actual No	Original Budget No	Adjusted Budget No	Actual No
Total Households						0
Households below minimum service level						0
Proportion of households below minimum service level						0

Employees: Waste Removal					
Job level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies	Vacancies (as % of total posts)
0-3		26	26	0	26
4-6					
7-9		4	4	0	4
10-12					
13-15					
16-18					
19-20					
Total		30	30	0	0

---

Financial Performance : Waste Removal 2013/14				
Employee costs	Repairs	Other	Total Costs	Revenue
3 857 297	11 914	3 732 210	7 601 421	6 471 738

### 3.5 HOUSING

#### INTRODUCTION TO HOUSING

Hantam Municipality has appointed ASLA as a turn key developer to build all RDP houses in Hantam Municipality. For the financial period 2013/14 207 houses were completed in Loeriesfontein and handed over to the rightful owners. 260 services of plots have been approved of which these plots still have to being service. 247 houses will then be built after the plots have been serviced. The biggest challenge currently for Hantam Municipality is dealing with the backlog of 916 RDP houses in Calvinia. No new houses have been built for many years in Calvinia and the lack of housing and serviced sites have been creating social problems.

T3.5.1

Percentage of households with access to basic housing			
Year End	Total households (formal and informal settlements)	Households in formal settlements	% of households with access to basic housing
2013/14	6013	100	80,2%

Housing backlog: Ward waiting List				
Year End	Calvinia	Brandvlei	Nieuwoudville	Loeriesfontein
2013/14	916	32	169	75
2012/13	750	0	50	750
% housing waiting list increase/decrease	18% increase	32% increase	70% increase	90% decrease

Employees: Housing					
Job level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies	Vacancies (as % of total posts)
0-3					
4-6					
7-9	1	1	1	0	0
10-12					
13-15					
16-18					
19-20					
Total					

Financial Performance: Housing					
Details	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operating Revenue (excl. tariffs)	0	0	0	0	0
Expenditure:	0	0	0	0	0
Employees	0	0	0	0	0
Repairs & Maintenance	0	0	0	0	0
Other	0	0	0	0	0
Total operational expendit	0	0	0	0	0
Net Operational Expendit.	0	0	0	0	0
Total					



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## FREE BASIC SERVICES AND INDIGENT SUPPORT

### INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The Free Basic Services (FBS) programme policy was adopted in 2000 after Government announced its intention to provide free access to basic services in the fight against poverty. It is required that municipalities adopt indigent policies and draw up registers of indigent people and households that are within their jurisdictions in order to accord those people who had been registered as indigent free basic services. There has been tremendous progress in municipal performance in this regard and the year under review recorded an increase in indigents that registered and benefit from the free basic service policy. In relation to water services, government's goal is for all people of South Africa to have access to portable water by 2014. The MDG goal is to halve proportion of people without sustainable access to improved water source between 1990 and 2015. The basic level of water service is an RDP standard equivalent to a minimum of 25 litres of portable water per day within 200 metres of a household, not interrupted for more than 7 days in any year and a minimum flow of 10 litres per minute for communal water points. The South African service standard is substantially higher than the one defined by the MDG's as 20 litres of portable water per person per day within 1 000 metres of a household.

Hantam Municipality delivers free basic services to:

Water

Sanitation

Refuse Removal

Electricity

T3.6.1

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Free Basic Household Services		
Services	Tot. Nr. of households	%
Water (6 kilolitres per household per month)	1115	100
Sanitation (free minimum level service)	1115	100
Electricity (50 kwh per household per month)	1115	100
Refuse Removal (once a week)	1115	100

## COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (storm water drainage).

### 3.7 ROADS

#### INTRODUCTION TO ROADS

The Hantam Municipality focus on normal maintenance, re-gravel and reseal of roads. The District Municipality with Public Works is responsible to maintain, repair, protect and manage the proclaimed Provincial roads in our area. Challenges facing the municipality is the maintenance of potholes due to insufficient funds

Replace the word “*Tarred*” with “*Asphalt*”.

Asphalted Road Infrastructure					
	Total asphalted roads	New asphalt roads	Existing asphalt roads re-asphalted	Existing asphalt roads re-sheeted	Kilometres Asphalt roads maintained
2013/14	18km	0	0	0	18km
					T3.7.3

Cost of Construction/Maintenance						
YEAR	GRAVEL			ASPHALT/pave		
	New	Gravel-Asphalt	Maintained	New	Re-worked	Maintained
2013/14			88	400m	0	0

Financial Performance : Waste Roads 2013/14				
Employee costs	Repairs	Other	Total Costs	Revenue
1 512 199	479 939	1 572 810	3 564 947	-5 258 116

Employees: Road Services 2013/14					
Job level	Employees	Posts	Employees	Vacancies	Vacancies (%)
0-3		10	10	0	0
4-6					
7-9		2	2	0	0
10-12					
13-15					
Total		12	12	0	0





**ACTUAL**

## ROADS

[illegible][illegible]

### 3.9 WASTE WATER (STORMWATER DRAINAGE)

#### INTRODUCTION TO STORMWATER DRAINAGE

Hantam Municipality's Waste Water (Storm water) systems consist of channels, pipelines and open trenches with piped road crossings. The waste water systems performed well during the reporting period.

*\*The table below shows the total kilometres of storm water maintained and upgraded as well as the kilometres of new storm water pipes installed.*

Storm Water Infrastructure: Kilometres				
Year	Total storm water measures	New Storm water measures	Storm water measures upgraded	Storm water Measures maintained
2013/14	18km	1,5km	0km	18km

*\*The table below indicates the amount of money spend on storm water projects.*

Financial Year	Storm water Measures	
	Capital	Maintained
	R	R
2013/14	1 000 000	10 000



Employees: Road Services 2013/14					
Job level	Employees	Posts	Employees	Vacancies	Vacancies (%)
0-3		10			
4-6					
7-9		2			
10-12					
13-15					
16-18					
19-20					
Total		12			

Capital Expenditure: Waste Removal					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance	Total project value
None	0	0	0	0	0

## Waste Water

[illegible]

## LOCAL ECONOMIC DEVELOPMENT

### LOCAL ECONOMIC DEVELOPMENT

The Local Economic Development (LED) strategy along with the LED process plan is completely reviewed yearly and being implemented. The LED strategy is built around commitment to develop a climate in which economic development and growth can prosper and growth is shared. The municipality aimed to create a conducive business environment. The municipality implement municipal capital projects through EPWP.

However implementation of the LED strategy should not be project based, but an integrated set of activities that complement each other.

The Hantam Municipality ensures implementation and support of programmes that focus on economic development.

Description of projects	Nr. of jobs created	Amount
Cleaning and repairing of streets.	291	300 000
Cleaning of cemeteries	40	72 500
Cleaning and repairing: sport fields	96	50 000
Cleaning & maintenance: electrical lines	98	100 000
Access roads to Nature Reserve project	196	177 500
Cleaning & repairing water and sewer	50	100 000
Waste Collection	189	200 000
<b>Total</b>	<b>960</b>	<b>1 000 000</b>

---

Employees: IDP/LED 2013/14					
Job level	Employees	Posts	Employees	Vacancies	Vacancies (%)
10-12	1	1	1	0	0

Economic Employment 2013/14	
Agriculture, forestry and fishing	3 619
Mining and quarrying	105
Manufacturing	264
Electricity, gas and water supply	42
Construction	502
Wholesale and Retail	1 213
Transport, storage and communication	189
Financial, insurance, real estate and business services	431
Community, social and personal services	1 647
Other and not adequately defined	0
Private Households	1 271
Undetermined	1 169
Not applicable	13 658
<b>Total</b>	

## Challenges

- Using procurement as a tool to stimulate local economic development.
- Providing support for SMME through capacity building.
- Supporting community based initiatives with the aim of addressing poverty, unemployment and to promote self-employment.
- Supply Chain promoting local service providers from disadvantage groups.



**ACTUAL**

IDP/LED

[illegible]

## PLANNING

### INTRODUCTION TO PLANNING

The main service delivery priorities for Hantam Municipality in terms of planning is land use and building control. The focus is on the approval and issuing of rezoning applications, sub-divisions and consolidations; regulations in terms of building control and the approval of building plans.

T3.10.1

Applications for Land Use Development 2013/14			
Nr. of Applications approved and Issued	Rezoning	Consolidations	Sub-divisions
<b>Total = 9</b>	6	1	5

Type of Service	2013/14
Building plans application processed.	64
Approximate value	16 385 100
New residential dwellings	17
Residential extensions	36
New business buildings	11
Rural applications	0

---

Employees: Planning Services 2013/14					
Job level	Employees	Posts	Employees	Vacancies	Vacancies (%)
10-12	1	1	1	0	0



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## COMPONENT: COMMUNITY & SOCIAL SERVICES

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This component includes:

Libraries

Cemeteries

Social Programmes

### LIBRARIES

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Hantam Municipality has been operating library services in Calvinia, Loeriesfontein, Nieuwoudtville, Brandvlei en Swartkop. Hantam Municipality has extended its library services to Middelpos in the 2012/2013 financial year.

HIGHLIGHTS
<ul style="list-style-type: none"><li>▪ 100% spending of library conditional grant.</li><li>▪ Class visits, storytelling sessions, reading etc.</li></ul>
CHALLENGES
<ul style="list-style-type: none"><li>▪ Outreach programmes to encourage children to read more.</li><li>▪ More computers for internet users.</li><li>▪ Minimize lost books.</li></ul>

### *Service Statistics for Libraries*

<i>Type of Service</i>	<i>Total Nr. 2013/14</i>
<i>Library members</i>	5 426
<i>Nr. of books circulated</i>	70 647
<i>Nr of books lost</i>	244
<i>Exhibitions held</i>	156
<i>Internet users</i>	2 146
<i>New library service points</i>	0
<i>Children programmes</i>	132
<i>Nr of visits by school groups</i>	309
<i>Book group meetings for adults</i>	11
<i>Primary and Secondary Book Education sessions</i>	0

<b>Employees: Libraries</b>					
Job level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies	Vacancies (as % of total posts)
0-3	1	1	1	0	0
4-6	3	3	4	0	0
7-9	2	2	2	0	0
10-12	1	1	1	0	0
13-15					

16-18					
19-20					
Total	7	7	8	0	0
Financial Performance : Libraries 2013/14					
Employee costs	Repairs	Other	Total Costs	Revenue	
985 208	6 566	659 417	1 651 191	-593 360	

## CEMETERIES

HIGHLIGHTS
<ul style="list-style-type: none"> <li>Approval of business plan. Establishment of new cemetery in Calvinia for 4million rand from MIG funding.</li> </ul>
CHALLENGES
<ul style="list-style-type: none"> <li>Lack of availability of gravesites. Expansion of cemetery in Calvinia</li> </ul>

Employees: Cemeteries					
Job level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies	Vacancies (as % of total posts)
0-3					
4-6					
7-9	1	1	1	0	0
10-12					
13-15					
Total	1	1	1	0	0

Financial Performance : Cemeteries 2013/14				
Employee costs	Repairs	Other	Total Costs	Revenue
52 014	80 626	60 654	193 294	-76 733

## SOCIAL PROGRAMMES

The aim of social programmes in the Hantam Municipality is:-

- To address problems and poverty identified in the community.
- Commemorate special public days.

The following special programmes were executed during the 2013/14 financial year.

### *Social Programmes*

Description of programmes	Date of programmes	Target Group	Expenditure
Heritage and reconciliation project	Sept 2013-Jan 2014	Community	46 369.18
Street Carnival (Festive season)	Nov 2013	Community	2 963.45
Health Assistance	29 Nov 2013 30 Sept 2014 19 Dec 2014	Women	7280.00
Sport and Recreation	4 Dec 2013	Youth	1000.00
Mandela Memorial Service	13 Dec 2013	Community	8 520.00
Sport and Recreation	13 Sept 2013	Youth	1500.00
SAPD-Intergovernmental relations and community safety	13 Sept 2013	Community	1000.00
Academic Support	19 Sept 2013	Student	2000.00

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Moral Regeneration	19 Sept 2013	Church	1000.00
Heritage Program	23 Sept 2013	Community	650.00
Social development: Financial and Health Assistance	11 Oct 2013	Community	1 200.00
Sport and Recreation	16 Oct 2013	Youth	500.00
Social development: Financial Assistance	21 Oct 2013	Children	465.84
Sport and Recreation	22 Oct 2013	Children	293.41
Sport and Recreation	7 Nov 2013	Community	1 000.00
Social development: Street Carnival	29 Nov 2013	Community	720.00
Education	14-17 Jan	Children & Youth	30 821.38
Social development: Financial and Health assistance	21 Jan 2014	Community	1 500.00

**ACTUAL**

## LIBRARIES

[illegible]

## ACTUAL

### CEMETERIES

VOTE INDICATOR	Unit Measurement	Target	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Provision of bulk and land services	Expansion and provision of new cemeteries	1												
Maintenance of Public Facilities	Maintenance of cemeteries	Monthly												
			√	√	√	√	√	√	√	√	√	√	√	√
	Development of a long-term operation and maintenance plan	1												

## COMPONENT G: SAFETY AND SECURITY

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THIS COMPONENT INCLUDES: SECURITY SERVICES; TRAFFIC, LAW ENFORCEMENT, FIRE SERVICES AND DISASTER MANAGEMENT.

### INTRODUCTION

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THE FUNCTION OF SECURITY AND SAFETY IN THE HANTAM MUNICIPALITY IS TO PROVIDE A SAFE ENVIRONMENT FOR THE RESIDENTS OF THE HANTAM AND TO ENSURE THE SAFETY OF THE PERSONNEL OF THE HANTAM MUNICIPALITY THROUGH EFFECTIVE AND EFFICIENT OPERATIONALIZATION OF ALL RELEVANT PLANS IN CONJUNCTION WITH PUBLIC SAFETY.

### SECURITY SERVICES

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The Hantam Municipality delivers Security Services where contract workers is deployed at all municipal buildings and nature reserves.

### FIRE SERVICES

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Hantam Municipality does not have a full time dedicated fire service. It does however offer firefighting services with municipal staff trained in firefighting skills. All towns do have firefighting equipment available.

### DISASTER MANAGEMENT

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Disaster Management is a District Function and the Namakwa District Council maintains a District Disaster Management Centre. Hantam Municipality has appointed its Chief of Traffic Services as its Disaster Manager and co-operates closely with the District Disaster Management Centre.



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## LAW ENFORCEMENT

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The aim of Law Enforcement in a municipality is to create an environment that will further the social and economic development of the community. Through Law Enforcement services the municipality ensures that individuals and their families are safe. Law Enforcement Officers are deployed in the municipal area to ensure that certain by-laws are enforced in the municipal area. An officer of traffic is currently full filling the duties of Law Enforcement.

### Challenges

- Public ignorance towards By-laws.
- No permanent staff.

## TRAFFIC

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The aim and function of the Traffic Department is to educate and create a culture of voluntary compliance with road traffic rules and regulations en to enhance courteous and tolerant road user behaviour. Hantam Municipality has an operational traffic department comprising driver licensing, traffic law enforcement, vehicle testing and motor vehicle registrations. The traffic department services are extended to Calvinia, Brandvlei, Loeriesfontein and Nieuwoudtville.

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**SERVICE STATISTICS AND PERFORMANCE INFORMATION FOR  
TRAFFIC SERVICES.**

DETAILS/TYPES OF SERVICE	2013/14
NUMBER OF ROAD TRAFFIC ACCIDENTS DURING THE YEAR	0
NUMBER OF OFFICERS IN THE FIELD ON AN AVERAGE DAY.	2
NUMBER OF OFFICERS ON DUTY ON AN AVERAGE DAY.	2
ANIMALS IMPOUNDED	0
LEARNER DRIVERS LICENSES PROCESSED AND ISSUED	325
DRIVER LICENSES ISSUED	228
FINES ISSUED FOR TRAFFIC OFFENSES	0
R-VALUE OF FINES COLLECTED	0
ROADBLOCKS HELD	0
SPECIAL ESCORTS	20
AWARENESS INITIATIVES ON PUBLIC SAFETY	10

Financial Performance : Traffic Services 2013/14				
Employee costs	Repairs	Other	Total Costs	Revenue
1 686 746	24 372	4 415 929	6 127 047	-1 475 991

---

Employees: Traffic					
Job level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies	Vacancies (as % of total posts)
0-3					
4-6					
7-9	1	1	1	0	0
10-12	1	1	1	0	0
13-15					
16-18					
19-20					
Total	2	2	2	0	0

**ACTUAL**

## TRAFFIC

[illegible]

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**ACTUAL**DISASTER  
MANAGEMENT

<b>VOTE INDICATOR</b>	<b>Unit Measurement</b>	<b>Target</b>	<b>JUL</b>	<b>AUG</b>	<b>SEP</b>	<b>OCT</b>	<b>NOV</b>	<b>DEC</b>	<b>JAN</b>	<b>FEB</b>	<b>MAR</b>	<b>APR</b>	<b>MAY</b>	<b>JUN</b>
Effective planning and project management	Disaster Management	1												
	Plan <i>(Linked to DM's plan)</i>		√											

## Aerodrome (Airfield)

Hantam Municipality is the owner of a surfaced 1.2 km airfield in Calvinia. This airfield is important in providing services to the Provincial Air Ambulance.

Employees: Aerodrome					
Job level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies	Vacancies (as % of total posts)
0-3	0	0	0	0	0
4-6	0	0	0	0	0
7-9	0	0	0	0	0
10-12	0	0	0	0	0
13-15	0	0	0	0	0
16-18	0	0	0	0	0
19-20	0	0	0	0	0
<b>Total</b>					

Financial Performance : Aerodrome 2013/14				
Employee costs	Repairs	Other	Total Costs	Revenue
	22 309	50 662	72 971	-0



**ACTUAL**

## AERODROME

[illegible]



## COMPONENT: SPORT AND RECREATION

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This component includes: Community Halls; Swimming Pools; Caravan Park ;Nature Reserve and Sport fields.

### COMMUNITY HALLS

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Community Halls are maintained and available in Calvinia, Loeriesfontein, Brandvlei and Nieuwoudtville.

*Total Nr. of bookings of community halls for 2013/14*

Community Hall	Total nr. of bookings 2013/14	Amount (R)
Calvinia	62	13 330
Loeriesfontein	29	4140
Nieuwoudtville	18	5 580
Brandvlei	5	1 100
<b>TOTAL</b>	<b>114</b>	<b>24 150</b>

---

Employees: Community Halls					
Job level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies	Vacancies (as % of total posts)
0-3	9	9	9	0	0
4-6					
7-9	1	1	1	0	0
10-12	1	1	1	0	0
13-15					
16-18					
19-20					
Total	11	11	11	0	0

## SWIMMING POOLS

A public swimming pool is maintained and operated during summer months in Calvinia. A swimming pool is also available at Nieuwoudtville Caravan Park.

Employees: Swimming Pools					
Job level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies	Vacancies (as % of total posts)
0-3	0	0	0	0	0
4-6	0	0	0	0	0
7-9	0	0	0	0	0
10-12	0	0	0	0	0
13-15	0	0	0	0	0
16-18	0	0	0	0	0
19-20	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Financial Performance : Swimming Pool 2013/14				
Employee costs	Repairs	Other	Total Costs	Revenue
		45 708	45 708	-27 107

## CARAVAN PARK

A Caravan Park is operated in Nieuwoudtville and it is very popular over the flower season and during December Holidays.

Employees Caravan Park					
Job level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies	Vacancies (as % of total posts)
0-3		3	3	0	0
4-6					
7-9					
10-12					
13-15					
16-18					
19-20					
Total		3	3	0	0
Financial Performance : Caravan Park 2013/14					
Employee costs	Repairs	Other	Total Costs	Revenue	
	2 954	28 230	31 184	-23 386	

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## NATURE RESERVE

---

The Akkerendam Nature Reserve is situated in Calvinia and is a popular recreation facility for residents. Hiking trails have been developed in the Hantam Mountains and various routes with different levels of difficulty can be hiked. Springbok kept in the nature reserve provide a handy source of revenue.

Nieuwoudtville has a flower bulb reserve managed by the municipality that is very popular during the peak flower season. In fact, it is just as popular as the waterfall on the road between Nieuwoudtville and Loeriesfontein.

## SPORTSGROUNDS

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Sport fields are available in all towns in Hantam Municipal Area. The shortage of water resulted in only Calvinia and Nieuwoudtville being able to afford grassed pitches. Due to the scarcity of water resources in Brandvlei and Loeriesfontein the soccer/rugby pitches could not be grassed.

Employees: Sportfields					
Job level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies	Vacancies (as % of total posts)
0-3	4	4	4	0	0
4-6					

---

7-9					
10-12					
13-15					
16-18					
19-20					
Total					

Financial Performance : Sportsgrounds 2013/14				
Employee costs	Repairs	Other	Total Costs	Revenue
367 340	101 707	408 130	877 177	-58 815

























## COMPONENT: CORPORATE POLICY OFFICES AND OTHER SERVICES

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This component includes Financial Services and Human Resources and Executive and Council.

### Financial Services

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Sound financial management practices are essential to the long term sustainability of the municipality. It underpin the process of democratic accountability. The key objectives of the Municipal Finance Management Act (2003) is to modernise municipal financial management in South Africa so as to lay a sound financial base for the sustainable delivery of services. The management of key financial and governance areas is achieved by focussing on reducing the levels of outstanding debt owed to the Municipality, to assist with service delivery spending and maintaining a healthy cash flow and also maintaining an unqualified audit for the Municipality by resolving audit findings and improving financial governance.

The budget amount per annum is based on the income that the Municipality expects to derive from rates, service charges, grants and subsidies. During the 2013/14 financial year the municipality managed to spend **100%** on its capital budget and **96 %** on its operating budget. **81%** revenue was collected as a percentage of the total amount billed.

**ACTUAL**

## FINANCE

VOTE INDICATOR	Unit Measurement	Target	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Effective Financial Management and Internal Controls	Monitoring of all conditional grants to business plans	12 reports												
			√	√	√	√	√	√	√	√	√	√	√	√
	Review of Grant Register	Monthly												
			√	√	√	√	√	√	√	√	√	√	√	√
	Monthly Budget control and reconciliation of General Ledger	Monthly												
			√	√	√	√			√		√	√		√

Accurate and timeously reporting and planning	Submission of Sec.71 reports	Monthly												
			√	√	√	√	√	√	√	√	√	√	√	√
	Submission of quarterly reports	4 quarterly												
					√			√			√			√
	Submission of Sec.72 report	1												
									√					

	Review and approval of SDBIP	1												
			√						Review	√				

Develop a compliant Budget and Annual Financial Statements	Preparation and submitting of AFS to the AG	1												
				√										
	Prepare and submit a concept budget	1								√				
	Prepare and submit a final budget	1											√	

## HUMAN RESOURCE SERVICES

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The Human Resource unit resort under the Department Corporate Services and is responsible for the following functions:

- Strategic Human Resources
- Recruitment and Selection
- Labour Relations
- Occupational health and safety
- Training and Development

The aim is to provide management with effective and efficient strategic advice and support with reference to new and amended legislation, interpretation of policies, organizational change, sound labour relation practices and a healthy and safety environment.

## EXECUTIVE AND COUNCIL

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This component includes the following:-

- ❖ Office of the Mayor
- ❖ Councillors
- ❖ Municipal Mayor

**ACTUAL**

MUNICIPAL  
MANAGER

<b>VOTE INDICATOR</b>	<b>Unit Measurement</b>	<b>Target</b>	<b>JUL</b>	<b>AUG</b>	<b>SEP</b>	<b>OCT</b>	<b>NOV</b>	<b>DEC</b>	<b>JAN</b>	<b>FEB</b>	<b>MAR</b>	<b>APR</b>	<b>MAY</b>	<b>JUN</b>
Performance Management	Annual Report	1 Report							√					
	Implementation Performance System	System Implement												
			√											
	Quarterly Reports	4 Reports	√			√			√			√		

**ACTUAL**

## COUNCIL

[illegible]

**ACTUAL**  
HUMAN  
RESOURCES

VOTE INDICATOR	Unit Measurement	Target	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Human Resource Development	Review and report on Equity Plan(5Yr)	1			Review									
					✓					✓				
	Review and report on Workplace Skills Plan	1												
									✓					
	Review and report on Organogram	1												
	Implementation of Training Plan	100%	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Labour Relations	Local Labour Forum	4												
	meetings		✓	✓			✓							
	Disciplinary cases complete	100%												

## COMPONENT: SERVICE PROVIDERS STRATEGIC PERFORMANCE

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### INTRODUCTION

Section 76(b) of the Municipal Systems Act (MSA) states that KPI's should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement. In terms of section 121(b) that performance of service providers should be included in the annual report. The table below lists all external service providers and their ratings.





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## EXTERNAL SERVICE PROVIDERS

External Service Providers	Performance Rating
1. Ink Net	Good
2. Independent Cranes	Good
3. JCG Water Treatment cc	Good
4. Jo's BB	Good
5. J. Jooste Service Providers	Good
6. Kaap Agri Bedryf	Good
7. Katryns BB	Good
8. KKK Calvinia	Good
9. Lasec SA (PTY)LTD	Good
10. Loeriesfontein Elektrotegniese Dienste	Good
11. Louw & Muller Prokureurs	Good
12. LJ Motors	Good
13. Metsi Chem Ikapa (PTY)LTD	Good
14. Medicare Emergency & Medical resp.	Good
15. Naybro Cash Store cc	Good
16. Noordwester Uitgewers	Good
17. Noordwes Koerante Edms Bpk	Good
18. Nashua Noordweste	Good
19. Naba Lodge Bpk	Good
20. Oppienoster cc	Good

21. OK Grocer	Good
22. Old Mill Lodge	Good
23. Pay day software systems	Good
24. Protea Motors/JJ Farmer	Good
25. Precision Meters	Good
26. PEP Stores	Good
27. Phillip Nel Transport	Good
28. Rolbos Gastehuis	Good
29. Starplex 636 cc	Good
30. Spar	Good
31. Supa Quick	Good
32. Sizwe Ntsaluba Gobodo	Good
33. Syntech Trading cc	Good
34. Southern Ambition	Good
35. Turner & Haupt (PTY)LTD	Good
36. Tshabhitsi Lodge	Good
37. Truvelo Manufacturers (PTY)LTD	Good
38. Trentyre Matertreads	
39. URB-ICT (pty)Ltd	
40. UDS Africa	
41. Vredendal Besproeiing BK	
42. Vredendal Verwe cc	

43. WCC Cables & Electrical Wholsalers	
44. Walton Stationery	
45. Weskus Glas/PG Glass	
46. Weskus Elektries BK	

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## CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

### (PERFORMANCE REPORT PART II)

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#### NATIONAL KEY PERFORMANCE INDICATORS: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

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The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and Performance Management Regulations of 2001 and Section 43 of the Municipal Systems Act. These key performance indicators are linked to the National KPA's for Municipal Transformation and Organizational Development.

NATIONAL KPA AND INDICATORS	Municipal Achievements
	2012/13
The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan.	1
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	100

## Population Group

Population Group – Stats SA February 2013					
Black	Coloured	Indian/Asia	White	Other	Total
945	17 741	147	2 609	137	21 578

## Employment Equity vs Population

Description	A	C	I	W	Other	Total
Population Numbers	945	17 741	147	2609	137	21 578
Number of positions filled.	1	154	0	18	0	173
% of positions filled	1	89	0	10	0	100

## Occupational Levels - Race

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management				1					1
Senior Management				1		1		1	3
Middle Management		0		5				1	6
Skilled Technical; Supervisors; Foremen		11 4		3		11		3	28

Semi- skilled		29				6			35
Unskilled (General)	1	41				16			58
<b>Grand Total</b>	<b>1</b>	<b>85</b>							<b>135</b>

**Permanent = 135**

**Temporary = 28**

**TOTAL = 163**

Hantam Municipality currently employs 163 officials. During the 2013/14 financial year, 8 services were terminated. The turnover rate is 20%. Two senior posts, Head Corporate Services and Head Technical Services were vacant. The Head Corporate Services was filled on 1 March 2014. The Head Technical Services post was advertised but not filled. The challenge has been to find a suitable candidate.

The primary objective of Human Resource Management is to render an innovative HR service that addresses filling of vacant posts, interviews, appointments, skills development, job evaluation and disciplinary hearings.

## COMPONENT: INTRODUCTION TO THE MUNICIPAL PERSONNEL

### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

EMPLOYEES					
Description	Total Employees	Approved posts	Vacancies	Vacancy (%)	
Water	21	21	0	0	
Sanitation	13	13	0	0	
Electricity	6	7	1		
Waste Management	30	30	0	0	
Housing	1	1	0	0	

Building Control	1	1	0	0
Local Economic Development	1	1	0	0
Community Services (Libraries)	10	10	0	0
Traffic	7	8	1	
Corporate Services	8	8	0	0
Infrastructure	12	15	3	
Sport & Recreation	3	3	0	0
Streets	13	13	0	0
Cemeteries & Nature Reserve	1	1	0	
Finance (General)	6	6	0	0
Finance (Income)	10	10	0	0
Finance (Expenditure)	2	3	1	
Supply Chain Management	2	2	0	0

## Vacancy Rate

Vacancy Rate			
Designations	Total Approved Posts	Variances	Variance (%)
Municipal Manager	1	0	0
CFO	1	0	0
Other 56 Managers (Finance posts)	0	0	0
Senior Management (levels 13-15) excluding finance posts.	2	1	
Senior Management (levels 13-15) finance posts.	1		
Highly skilled supervision: levels 9-12 (excl. finance)	15		
Highly skilled supervision: levels 9-12 ( finance)	6		
<b>Total</b>	<b>26</b>	<b>1</b>	<b>0</b>

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## Turn Over Rate

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Turn Over Rate			
Details	Total Appointments as of beginning of Financial Year (No)	Terminations during the Financial year	Turn Over Rate
2013/14	163	8	20%

### COMMENTS

The turnover rate is 20%. The turnover rate increase by 15% from the previous year. The post of the Head Technical Services are not filled. The post was advertised, but applicants did not meet requirements as set out in the advertisements. The responsibilities of the post are currently being fulfilled by various competent officials.

## COMPONENT: MANAGING THE MUNICIPAL WORKFORCE

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### INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Section 67 of the Municipal Systems Act requires municipalities to develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration in accordance with the Employment Equity Act 1998.

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Managing the municipal workforce refers to analysing and coordinating employee behaviour. The Local Labour Forum serves as a tool to ensure working relations between the workforce, management and council. The workforce is governed by collective agreements.

## POLICIES

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Policies assist municipalities in decision making and to guide all employees to comply with standards. The following policies were adopted by council and reviewed in June 2014:-

1. Finance Policy
2. Personnel Policy
3. Administration Policy
4. Risk Management Policy
5. Credit Control and Debt Collection
6. Customer Care

The above policies include:-

Student workers

Smoking

Acting

Overtime and standby

Aids

Communication

Delegation

Leave

Travel allowance

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Bonuses

Motor scheme

Temporary workers

Medical check up

Housing scheme

Recruitment

Skills retention

Areas have been identified where policies have to be developed.

## INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of Injury	Injury Leave Taken	Employees using injury	Proportion employees using sick	Average Injury Leave per	Total Estimated Cost



	Days	leave No.	leave (%)	employee Days	
Required basic medical attention only	27	0	100	3	8100
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
<b>Total</b>	<b>27</b>	<b>0</b>	<b>100</b>	<b>3</b>	<b>8100</b>

## Number of sick leave days

Descriptions	Total sick leave days	Employee's using sick leave (nr.)	Total employees in post	Average sick leave per employee (days)
Lower skilled (L1-2)	0	0	0	0
Skilled (L3-5)	310	42	79	7.4
Highly skilled production (L6-8)	347	29	47	11.9
Highly skilled supervision	151	11	16	13.7

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(L9-12)				
Senior Management (L13-15)	0	0	0	0
MM and S56	7	2	4	3.5

## Disciplinary cases of financial misconduct

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POSITION	NATURE OF ALLEGED MISCONDUCT	DISCIPLINARY ACTION TAKEN	DATE FINALIZED
Cashier	Not following procedures: Theft;dishonesty;malpractice (No loss – recovered)	Dismissed	26/08/2013 9/10/2013 (appeal)
Senior Clerk	Not following procedures: Theft;dishonesty;malpractice; Selling of municipal erven while moratorium on it. (No loss – recovered)	Dismissed	26/08/2013 02/04/2014 (arbitration)

### Comment

Suspensions not for more than four (4) months.

## PERFORMANCE REWARDS

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Section 51(d) of the Municipal Systems Act (MSA) requires that performance plans, on which rewards are based should be aligned with the IDP. Service Delivery and Budget Implementation Plans should be consistent with the higher level IDP targets and must be incorporated appropriately in Performance Agreements as the basis of performance reports.

PERFORMANCE REWARDS				
Designations	Gender		Total Nr. beneficiaries	% Awarded
	M	F		
Municipal Manager & S56 Managers	3	1	4	Between 12-14%

#### COMMENT ON PERFORMANCE REWARDS:

Performance Evaluations are only being conducted to 1<sup>st</sup> levels, Section 54A (Municipal Manager) and Section 56 managers. Bonuses were only awarded to these managers. The performance bonuses paid was for the evaluation period 2012/13. Evaluations and scorings were concluded through a Technical SDBIP/Performance Plan. Bonuses were awarded between 12%-14% of annual remuneration (salary) and based on outcomes of individual scores. Two of the posts were in acting positions.

## COMPONENT: CAPACITATING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

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Section 68 (1) of the Municipal Systems Act, 2000 MSA 2000 requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way. For this purpose the human resource capacity of a municipality must comply with the Skills Development Act, 1998 (Act No. 81 of 1998) and the Skills Development Levies Act, 20 of 1999 (Act. 28 of 1999).

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## Skills development Training

Management Level	Gender		Nr. of Employees	Total
	Female	Male		
MM and S56	1	1		2
Legislators, senior officials and managers	0	0		0
Professionals	0	0		0
Technicians and associate professionals	0	0		0
Clerks	6	4		10
Service and sales workers	1	4		5
Plant and machine operators and assemblers	0	0		0
Elementary Occupations	1	6		7
<b>TOTALS</b>	<b>9</b>	<b>15</b>		<b>24</b>

## Financial Competency Development

Description	Total Nr. of officials employed by municipal Reg. 14(4)(a) and (c)	Total nr. of officials whose performance agreements comply with regulation 16 (Reg. 14(4)(b) and (d))	Total nr. of officials that meet prescribed competency levels
<b>Financial Officials</b>			
<i>Accounting Officer</i>	1	0	0 (in process)
<i>Chief Financial Officer</i>	1	0	0 (in process)
<i>Senior Managers</i>	2	2	2
<i>Any other officials</i>	10	5	4
<b>Supply Chain Management officials</b>			
<i>SCM official</i>	1	1	1
<b>Total</b>	<b>15</b>	<b>8</b>	<b>7</b>

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## COMMENTS ON COMPETENCY LEVEL

The Accounting Officer and Chief Financial Officer are still busy with their MMC training and will be finished with their training by 2014. 5 of the officials stated in “any other officials” above are financial interns of which they are currently busy with their MMC training.

### Types of Training

Date/Month of Training	Nr. of Officials	Department	Type of Training
August 2013	17	Finance; Corporate Services; Community Services	MFMP ; MMC ; First Aid
September 2013	2	Finance	MFMP; MMC
October 2013	17	Finance ; Community Services	MFMP ; MMC Safety Technologies
November 2013	3	Finance Corporate Services	MFMP; MMC
December 2013	0	Non	Non
January 2014	0	Non	Non
February 2014	6	Finance Corporate Services Community Services	MFMP ; MMC Legal Electric Requirements Effective Project Management
March 2014	7	Corporate Services Finance	MFMP ; MMC
April 2014	7	Finance Corporate Services	MFMP ; MMC
May 2014	7	Finance Corporate Services	MFMP ; MMC
June 2014	7	Finance Corporate Services	MFMP ; MMC Record Management Pay Day

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## Training Expenditure

OPERATING	FMG	LGSETA
49 461	555 106	97 340

## MANAGING THE WORKFORCE EXPENDITURE

### Introduction

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#### EMPLOYEE EXPENDITURE

NUMBER OF EMPLOYEES WHOSE SALARY WERE INCREASED DUE TO THEIR POSITION BEING UPGRADED		
BENEFICIARIES	GENDER	TOTAL
LOWER SKILLED (L1-2)	0	0
SKILLED (L3-5)	0	0
HIGHLY SKILLED PRODUCTION (L6-8)	0	0
SENIOR MANAGEMENT (L13-16)	0	0
MM AND S56 MANAGERS	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>

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EMPLOYEES WHOSE SALARY LEVELS EXCEED THE GRADE DETERMINED BY JOB EVALUATION				
OCCUPATION	NR. OF EMPLOYEES	JOB EVALUATION LEVEL	REMUNERATION LEVEL	REASON FOR DEVIATIONS
0	0	0	0	non

*\*Job evaluations done for the 2013/14 were not finalized due to council approval. Cases still pending.*

EMPLOYEES NOT APPOINTED TO POSTS NOT APPROVED				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no. establish post exist
0	0	0	0	non

*\*No appointment for non-approved posts.*



# Chapter 4

## DISCLOSURES OF FINANCIAL INTERESTS

In terms of PM Regulations 805 of 2006, Financial interests are disclosed by all Senior Managers, Supply Chain officials and councillors.

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## CHAPTER 5 – FINANCIAL PERFORMANCE

### INTRODUCTION

The 2013/2014 financial year was a year of growth in the financial performance of the Hantam Municipality. Issues were tackled head-on and controls implemented. Hard work from the committed team resulted in an unqualified audit report by the Auditor General.

The year also presented its own issues and risks of which liquidity was and still is the biggest. The debtors book is growing at an alarming rate and the indigent households in our municipality has grown. The liquidity risk puts service delivery at risk and results in low maintenance levels.

Cost-cutting procedures have been put in place in the municipality, but the main problem is boosting income. Credit control and debt collection are being applied in the municipality, but this is a big tidal wave to swim against.

## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

### 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Description	2013/2014					2012/2013
	Original Budget	Budget Adjustments	Actual Outcome	Actual Outcome as % of Adjustment Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b><u>Financial Performance</u></b>						
Property Rates	6 185 674	5 692 136	5 679 401	100%	92%	4 819 546
Service Charges	33 248 459	35 035 336	30 838 300	88%	93%	29 778 440
Investment revenue	1 090 000	1 270 000	1 762 176	139%	162%	1 344 184
Transfers recognised - operational	24 411 000	24 411 000	28 383 573	116%	116%	23 815 670
Other own revenue	3 019 315	1 984 173	2 200 251	111%	73%	6 738 583
<b>Total Revenue (excl. capital transfers and contributions)</b>	<b>67 954 448</b>	<b>68 392 645</b>	<b>68 863 701</b>	<b>101%</b>	<b>101%</b>	<b>66 496 423</b>
Employee costs	25 707 826	25 617 585	25 309 376	99%	98%	23 380 194
Remuneration of councillors	2 361 072	2 398 185	2 372 134	99%	100%	2 220 515
Debt impairment	3 473 825	2 913 825	4 818 880	165%	139%	965 589
Depreciation and asset impairment	4 513 435	4 513 435	3 776 335	84%	84%	8 866 353
Finance charges	549 437	1 264 551	1 339 079	106%	244%	1 249 739
Materials and bulk purchases	15 280 810	17 629 950	15 016 782	85%	98%	13 462 391
Transfers and Grants	291 566	247 888	246 388	99%	85%	272 913
Other expenditure	20 052 349	20 275 008	19 080 834	94%	95%	29 936 454
<b>Total Expenditure</b>	<b>72 230 320</b>	<b>74 860 427</b>	<b>71 959 808</b>	<b>96%</b>	<b>100%</b>	<b>80 354 148</b>
<b>Surplus/(Deficit)</b>	<b>-4 275 872</b>	<b>-6 467 782</b>	<b>-3 096 107</b>	<b>48%</b>	<b>72%</b>	<b>-13 857 725</b>
Transfers recognised - capital	12 098 000	12 098 000	25 167 484	208%	208%	12 337 523
<b>Surplus/(Deficit) after capital transfers</b>	<b>7 822 128</b>	<b>5 630 218</b>	<b>22 071 377</b>	<b>392%</b>	<b>282%</b>	<b>-26 195 248</b>
<b><u>Capital expenditure &amp; funds sources</u></b>						
<b>Capital expenditure</b>						
Transfers recognised - capital	21 314 070	25 908 417	25 167 484	97%	118%	-
Public contributions & donations	-	-	-	-	-	-
Borrowing	1 500 000	1 500 000	-	-	-	-
Internally generated funds	730 000	730 000	20 493	3%	3%	-
<b>Total sources of capital funds</b>	<b>23 544 070</b>	<b>28 138 417</b>	<b>25 187 977</b>	<b>90%</b>	<b>107%</b>	<b>-</b>
<b><u>Cash flows</u></b>						
Net cash from (used) operating	21 426 979	19 199 251	28 199 018	147%	132%	-
Net cash from (used) investing	-21 483 752	-25 439 937	-25 358 990	100%	118%	-
Net cash from (used) financing	758 823	1 042 133	-209 809	-20%	-28%	-
<b>Cash/cash equivalents at the year end</b>	<b>702 050</b>	<b>-716 542</b>	<b>2 359 063</b>	<b>-329%</b>	<b>336%</b>	<b>-</b>

Description	2013/2014					2012/2013
	Original Budget	Budget Adjustments	Actual Outcome	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>Expenditure</b>						
<b>Governance and administration</b>	<b>20 014 008</b>	<b>21 401 166</b>	<b>16 560 200</b>	<b>77%</b>	<b>83%</b>	<b>36 332 512</b>
Executive and council	7 433 000	8 167 821	9 225 359	113%	124%	13 770 942
Budget and treasury office	6 778 997	6 705 504	5 889 559	88%	87%	6 581 588
Corporate services	5 802 011	6 527 841	1 445 282	22%	25%	15 979 982
<b>Community and public service</b>	<b>3 583 323</b>	<b>3 467 110</b>	<b>3 066 890</b>	<b>88%</b>	<b>86%</b>	<b>2 472 166</b>
Community and social service	2 285 934	2 263 249	1 844 485	81%	81%	1 715 936
Sport and recreation	1 229 704	1 122 176	1 180 270	105%	96%	732 395
Public Safety	67 685	81 685	42 135	52%	62%	23 835
Housing	-	-	-	-	-	-
Health	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>6 544 521</b>	<b>6 362 742</b>	<b>10 340 175</b>	<b>163%</b>	<b>158%</b>	<b>5 836 525</b>
Planning and development	401 217	399 640	385 195	96%	96%	360 716
Road transport	5 983 208	5 779 100	9 691 995	168%	162%	5 319 797
Environmental protection	160 096	184 002	262 985	143%	164%	156 012
<b>Trading services</b>	<b>41 118 917</b>	<b>42 744 454</b>	<b>41 440 842</b>	<b>97%</b>	<b>101%</b>	<b>33 183 238</b>
Electricity	22 953 491	24 666 168	22 165 167	90%	97%	17 717 544
Water	7 813 885	7 707 757	8 040 875	104%	103%	5 351 669
Waste water management	4 336 180	3 775 901	3 082 978	82%	71%	2 275 176
Waste management	6 015 361	6 594 628	8 151 822	124%	136%	7 391 068
<b>Other</b>	<b>969 551</b>	<b>884 955</b>	<b>551 701</b>	<b>62%</b>	<b>57%</b>	<b>447 781</b>
<b>Total Expenditure</b>	<b>72 230 320</b>	<b>74 860 427</b>	<b>71 959 808</b>	<b>96%</b>	<b>100%</b>	<b>77 824 441</b>

#### COMMENT ON FINANCIAL PERFORMANCE:

Our income was boosted by higher operational transfers received as well as investment income. The service charges were lower than anticipated due to only inflationary increases. Also, much lower income was received for our commonage property, due to the municipality not securing commercial tariffs.

The debt impairment increased significantly due to much higher indigent numbers in our municipal area. The purchase of electricity from Eskom was lower than anticipated in the adjustment budget. No additional borrowing was incurred in the financial year, but it is highly probable for the next financial year.

Water services incurred higher costs due to the water crisis in Loeriesfontein. Water had to be trucked in to supply water to the town.

Traffic services are higher than budgeted due to the non-cash items where property was valued downwards.

Waste management are also higher due to higher costs on vehicles, depreciation and working capital than initially budgeted for.

## 5.2 GRANTS

GRANT PERFORMANCE						
Description	2012/2013	2013/2014			2013/2014 Variance	
		Budget	Adjustment Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<b>Government Transfers and Grants</b>						
<b>National Government</b>						
Equitable Share	20 014 000	20 312 000	20 312 000	20 312 000	100%	100%
FMG Grant	1 500 000	1 649 999	1 649 999	1 649 999	100%	100%
MSIG Grant	799 879	890 121	890 121	890 121	100%	100%
INEP Grant	544 528	1 833 455	1 833 455	1 833 455	100%	100%
MIG Grant	11 672 097	12 260 409	12 260 409	12 260 409	100%	100%
EPWP Grant	1 000 000	1 000 000	1 000 000	1 000 000	100%	100%
DWA - Accelerated Infrastructure Programme	-	-	14 460 621	14 460 621	0%	100%
DWA - Regional Bulk Infrastructure	-	-	620 450	620 450	0%	100%
<b>Provincial Government</b>						
Library Grant	325 791	524 002	524 002	524 002	100%	100%
<b>District Municipality</b>						
Namaqua District Municipality	176 000	-	-	-		
<b>Total Government Transfers and Grants</b>	<b>36 032 295</b>	<b>38 469 986</b>	<b>53 551 057</b>	<b>53 551 057</b>	<b>139%</b>	<b>100%</b>

### COMMENT ON GOVERNMENT TRANSFERS AND GRANTS:

The equitable share stays constant over the 3 years from 2012/2013 – 2014/2015. This creates pressure on the municipality due to inflation increases each year and increases in the indigent population.

The Municipal Infrastructure Grant was spent 100% during the financial year. Also, due to our efficient implementation of the EPWP grant, the municipality was awarded R1 300 000 for the next financial year. ACIP funding and RBIG funding were received for the water crisis in our area, which was not part of our original budget.

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### 5.3 ASSET MANAGEMENT

#### INTRODUCTION TO ASSET MANAGEMENT

During the 2013/2014 financial year, a much bigger effort was put into asset management. A dedicated person worked on this the whole financial year. A 100% physical count was conducted and impairment testing done. Items were also identified for an auction.

In the next financial year the focus will be to bring a formal asset management policy to life. There should also be a new person appointed and trained in this department. Monthly processes should be streamlined and extra controls put into place.

It must also be noted that material expenditure incurred on assets is funded from government grants. This is due to liquidity restraints.

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED IN 2013/2014	
Asset 1	
Name	Reservoir
Description	Nieuwoudtville new reservoir
Asset Type	Water
Key staff involved	Technical
Staff responsibilities	Usage and maintenance
Asset Value	R 2 461 895
Future purpose of asset	Water storage
Policies in place to manage asset	None
Asset 2	
Name	Sewage pump station
Description	Loeriesfontein sewage pump station
Asset Type	Sanitation
Key staff involved	Technical
Staff responsibilities	Usage and maintenance
Asset Value	R 1 295 019
Future purpose of asset	Pump station for sewage
Policies in place to manage asset	None
Asset 3	
Name	Sewage line
Description	Loeriesfontein sewage line
Asset Type	Sanitation
Key staff involved	Technical
Staff responsibilities	Usage and maintenance
Asset Value	R 1 084 017
Future purpose of asset	Routing of sewage
Policies in place to manage asset	None

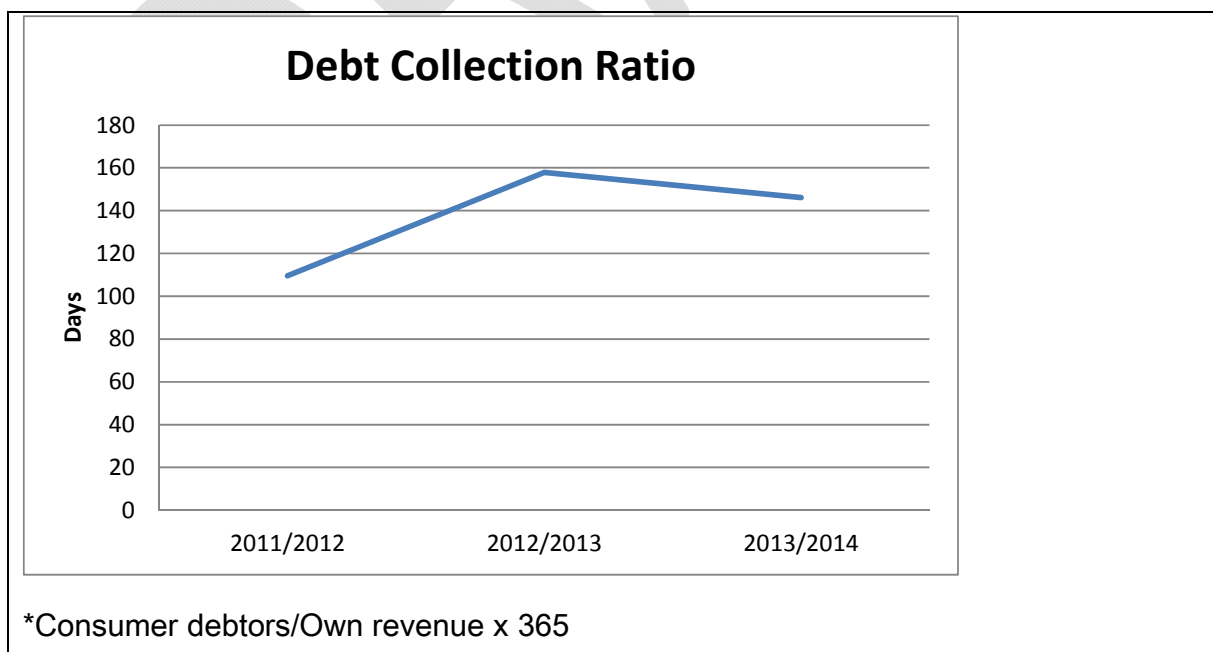
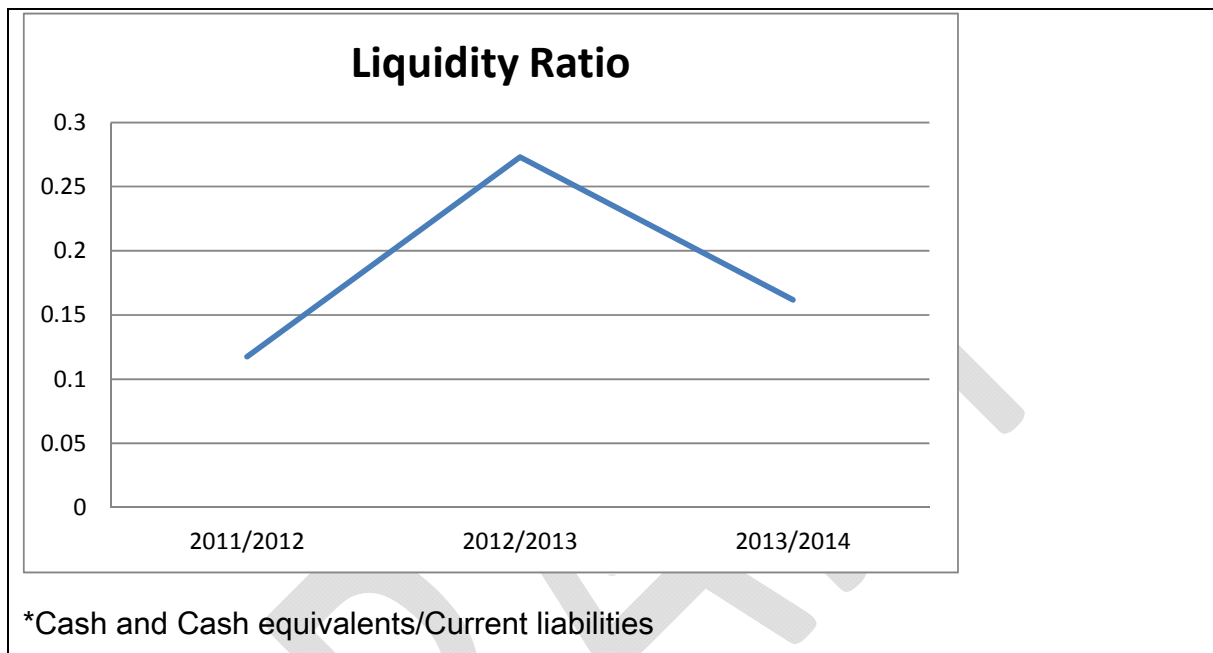
REPAIRS AND MAINTENANCE EXPENDITURE 2013/2014				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and maintenance expenditure	4 501 000	3 668 318	2 802 980	76%

**COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:**

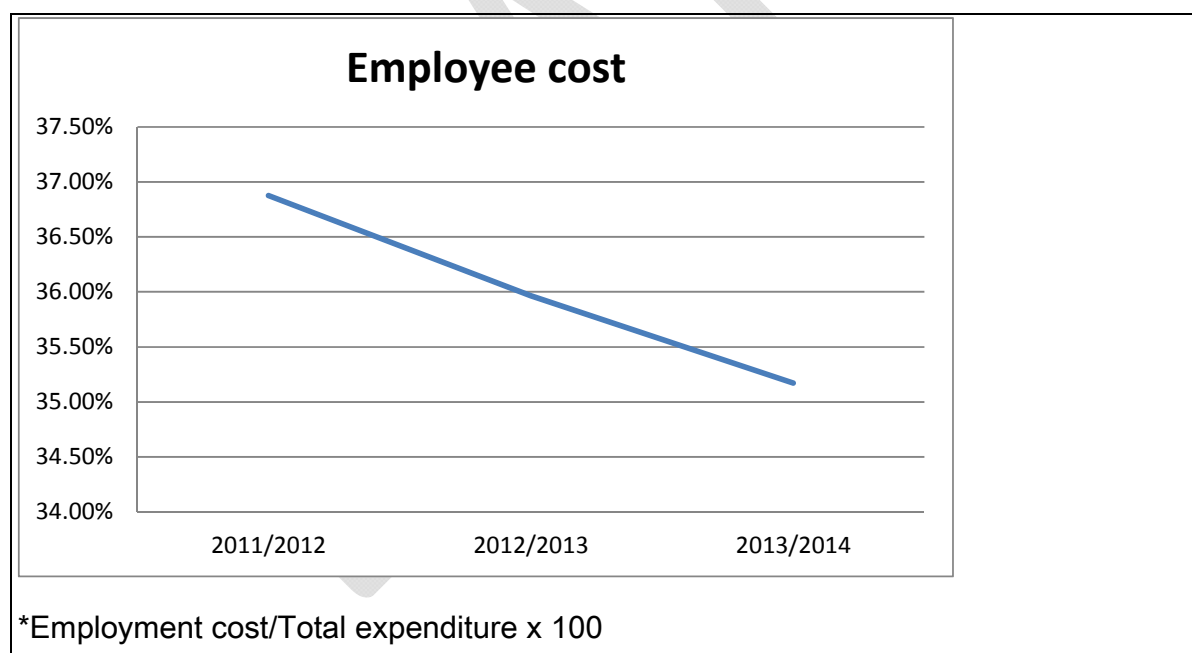
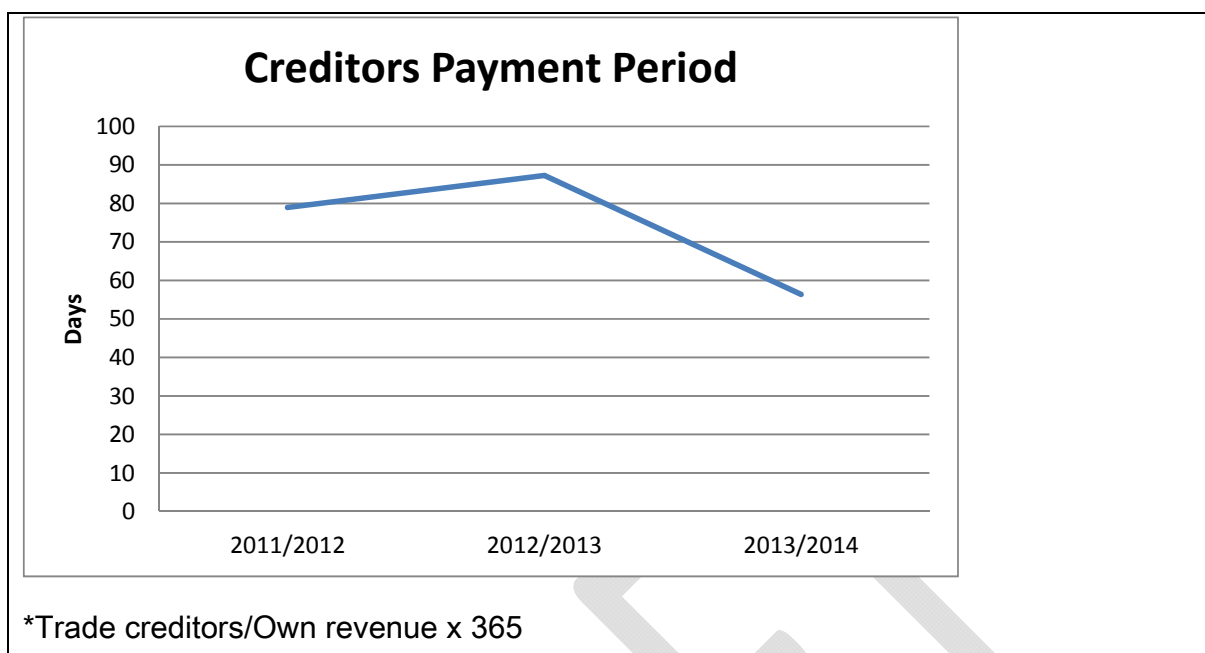
The spending on maintenance on assets is below the norm set by National Treasury. We are only looking at critical maintenance and we are not performing preventative

maintenance. This is due to liquidity constraints. The municipality must focus on making a priority to spend more on repairs and maintenance annually.

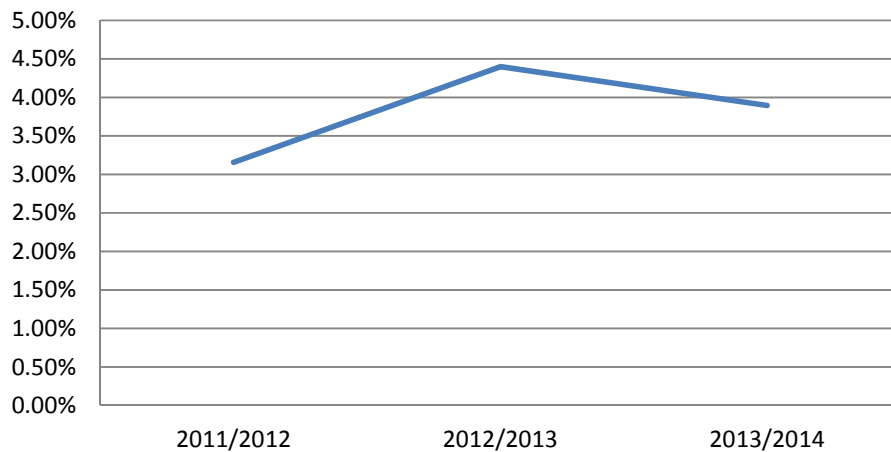
#### 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS







### Repairs and Maintenance



\*Repairs and maintenance/Total expenditure x 100

#### COMMENT ON FINANCIAL RATIOS:

##### Liquidity ratio:

The municipality does not have a good liquidity ratio, it is below the norm of 1:1. Thus we meet our current liabilities. There is a decrease from the previous year. The municipality is still below the norm which is not good. There should be improvement and focus from management. Liquidity is the biggest financial risk faced by the municipality.

##### Debt collection ratio:

We are significant above the norm which is not good. We are also increasing which is a negative trend. In the 3rd year, the days came down, this is due to a bigger provision for bad debts. These days are too much and the biggest contributor to the cash flow problems of Hantam.

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Creditors payment period:

This is more than the norm of 60 days. The trend is negative and then turn positive. In the 2013/2014 financial year the days decrease below 60 days, which means we improved significantly, but the risk arises that we can be paying our creditors too fast.

Employee cost:

We are a bit above the parameters and the trend is consistent going down. The trend over the past 3 years was fairly positive.

Repairs and maintenance:

We are below the norm, this means we are just looking at critical maintenance. The trend is however increased and decreased again. We are not doing preventative maintenance. In 2014 it decreased again a bit which is negative. We are just reacting when something breaks.

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

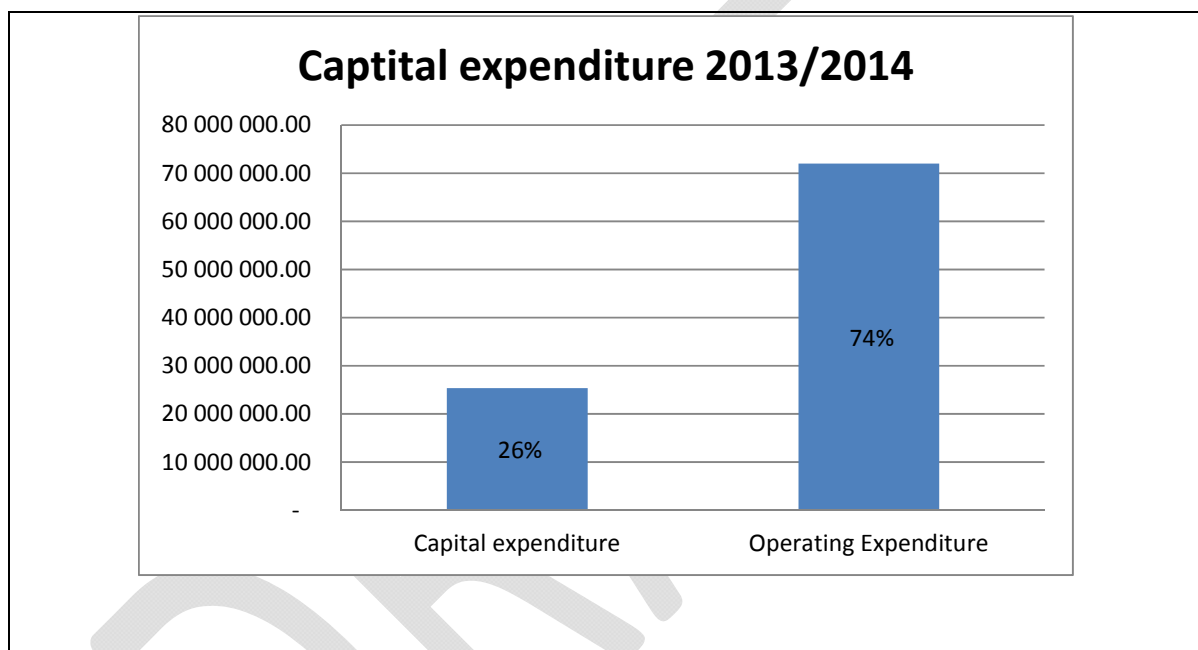
*Delete Directive note once comment's completed* – Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses. Component B deals with capital spending indicating where the funding comes from and whether Municipalities are able to spend the available funding as planned. In this component it is important to indicate the different sources of funding as well as how these funds are spend. Highlight the 5 largest projects (see T5.7.1) and indicate what portion of the capital budget they use. In the introduction briefly refer to these key aspects of capital expenditure (usually relating to new works and renewal projects) and to **Appendices M** (relating to the new works and renewal

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programmes), **N** (relating to the full programme of full capital projects, and **O** (relating to the alignment of projects to wards).

T5.5.0

## 5.5 CAPITAL EXPENDITURE



## 5.6 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Name of Project	Current year			Variance Current Year	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment Variance (%)
A - Refurbishment Sewerage Infrastructure			10 000 000		
B - MIG Calvinia WWTW			6 000 000		
C - Upgrade of roads			5 000 000		
D - ACIP - New Bulk water pipeline			3 300 000		
E - DOE - Provide electricity to 207 RDP houses			1 680 000		

<b>Name of Project - A</b>	Refurbishment Sewerage Infrastructure
<b>Objectives of Project</b>	Replace old infrastructure with new: pumpstation, pipeline
<b>Delays</b>	0
<b>Future Challenges</b>	0
<b>Anticipated citizen benefits</b>	12 500

<b>Name of Project - B</b>	MIG Calvinia Waste Water Treatment Works
<b>Objectives of Project</b>	Upgrade old pond system
<b>Delays</b>	0
<b>Future Challenges</b>	Sewerage water to meet SANS 241 standard
<b>Anticipated citizen benefits</b>	10 000

<b>Name of Project - C</b>	Upgrade of roads
<b>Objectives of Project</b>	Building roads - EPWP project
<b>Delays</b>	0
<b>Future Challenges</b>	0
<b>Anticipated citizen benefits</b>	6 000

<b>Name of Project - D</b>	ACIP - New Bulk water pipeline
<b>Objectives of Project</b>	Replace old pipeline from Kareedam to WWTW
<b>Delays</b>	0
<b>Future Challenges</b>	0
<b>Anticipated citizen benefits</b>	10 000

<b>Name of Project - E</b>	DOE - Provide electricity to 207 RDP houses
<b>Objectives of Project</b>	Provide electricity
<b>Delays</b>	0
<b>Future Challenges</b>	0
<b>Anticipated citizen benefits</b>	1 035

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## 5.7 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

### INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

The water backlog will be diminished when the housing project on Calvinia is approved. The electricity backlog on Middelpas is that of Eskom and discussions have been held with Eskom. A solar project is being considered for the Swartkop electricity backlog as there is no grid. The housing backlog will be addressed as in when funding is received.

Service Backlogs as at 30 June 2014				
	Service above min standard		Service level below min standard	
	No. HHs	%HHS	No. HHs	%HHS
Water	4898	100	258	100
Sanitation	4898	100	0	
Electricity	4833	98	70	
Waste management	5156	100	5156	100
Housing			1192	

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### 5.8 CASH FLOW

Description	2013/2014					2012/2013
	Original Budget	Budget Adjustments	Actual Outcome	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Ratepayers and other	37 893 709	38 065 783	55 479 920	146%	146%	32 451 042
Government - operating	24 411 000	24 411 000	23 993 121	98%	98%	23 815 670
Government - Capital	20 086 000	24 680 347	25 167 484	102%	125%	12 337 523
Interest	150 000	250 000	439 818	176%	293%	222 356
Dividends						
<b>Payments</b>						
Suppliers and employees	-60 815 233	-67 871 494	-76 782 988	113%	126%	-51 433 762
Finance charges	-148 497	-148 497	-98 337	66%	66%	-1 224 816
Transfers and Grants	-150 000	-187 888				-272 913
<b>NET CASH FROM (USED) OPERATING ACTIVITIES</b>	<b>21 426 979</b>	<b>19 199 251</b>	<b>28 199 018</b>	<b>147%</b>	<b>132%</b>	<b>15 895 100</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts</b>						
Proceeds on disposal of PPE			-171 013			
Decrease(increase) in non-current debtors						1 442 869
Decrease(increase) in non-current receivables						
Decrease(increase) in non-current investments						
<b>Payments</b>						
Capital assets	-21 483 752	-25 439 937	-25 187 977			-13 438 809
<b>NET CASH FROM (USED) INVESTING ACTIVITIES</b>	<b>-21 483 752</b>	<b>-25 439 937</b>	<b>-25 358 990</b>	<b>0%</b>	<b>0%</b>	<b>-11 995 940</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Receipts</b>						
Short term loans						
Borrowing long term/refinancing	1 500 000	1 500 000	471 131	31%	31%	
Increase (decrease) in consumer deposits	24 000	70 000	81 232	116%	338%	20 808
<b>Payments</b>						
Repayment of borrowing	-765 177	-527 867	-762 172	144%	100%	-637 482
<b>NET CASH FROM (USED) FINANCING ACTIVITIES</b>	<b>758 823</b>	<b>1 042 133</b>	<b>-209 809</b>	<b>-20%</b>	<b>-28%</b>	<b>-616 674</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>702 050</b>	<b>-5 198 553</b>	<b>2 630 219</b>	<b>-51%</b>	<b>375%</b>	<b>3 282 486</b>
Cash/cash equivalents at the year begin:		4 482 011	4 989 282			1 706 796
Cash/cash equivalents at the year end:	702 050	-716 542	2 359 063	-329%	336%	4 989 282

#### COMMENT ON CASH FLOW OUTCOMES:

The cash balance at year-end decreased from the 2012/2013 year to the 2013/2014 financial year. This is also an indication that the cash resources are dwindling in the municipality. Transfers received from government for capital increased significantly,

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which also had an impact on the capital spending. Cash paid to suppliers and employees also increased from the previous year to the current year.

## 5.9 BORROWING AND INVESTMENTS

### INTRODUCTION TO BORROWING AND INVESTMENTS

The municipality do not borrow significantly. There is only a DBSA loan of which approximately R890 000 is left and the interest rate is very low on this loan obtained in previous years.

The only borrowings incurred during the year were that of the leases of photocopiers. The municipality lease the photocopiers from a supplier and do not buy them ourselves.



EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30/06/2013	Received during the period	Redeemed written off during the period	Balance at 30/06/2014
<b>LONG-TERM LOANS</b>			R	R	R	R
<b>Total long-term loans</b>		2016	1 419 421	-	527 867	891 554
<b>ANNUITY LOANS</b>						
DBSA Loan @ 5% over 6 Years	102858	2016	1 419 421	-	527 867	891 554
<b>Total Annuity loans</b>			1 419 421	-	527 867	891 554
<b>LEASE LIABILITIES</b>						
Nashua Lease @.0002% over 4 Years		2015	15 470		15 470	-
Nashua Lease @15.31% over 5 Years		2013	-		-	-
Nashua Lease @ 1.77% over 5 Years		2013	-		-	-
Nashua Lease @12.70% over 5 Years		2013	-		-	-
Nashua Lease @12.70% over 5 Years		2013	-		-	-
Nashua Lease @18.33% over 5 Years		2013	4 276		4 276	-
Gestetner Lease @3.78% over 5 Years		2012	-		-	-
Nashua Lease @12.70% over 5 Years		2014	10 669		10 669	-
Nashua Lease over 5 Years		2015	42 900	-	42 900	-
Nashua Lease over 5 Years		2014	58 500	-	58 500	-
Nashua Lease over 4 Years		2015	24 877	-	24 877	-
Nashua Lease over 4 Years		2013	595	-	595	-
Nashua Lease @ 6.50% over 3 Years		2016		57 440	10 312	47 129
Nashua Lease @14.41% over 3 Years		2016		90 000	14 611	75 389
Nashua Lease @10.77% over 3 Years		2016		41 000	6 975	34 025
Nashua Lease @10.18% over 3 Years		2016		65 000	11 140	53 860
Nashua Lease @33.33% over 3 Years		2016		25 000	3 144	21 856
Nashua Lease @6.50% over 3 Years		2016		40 690	7 305	33 386
Nashua Lease @5.06% over 3 Years		2016		25 000	4 569	20 431
Nashua Lease @12.48% over 3 Years		2016		40 000	6 657	33 343
Nashua Lease @33.33% over 3 Years		2016		25 000	3 144	21 856
Nashua Lease @9.11% over 3 Years		2016		42 000	7 296	34 704
Nashua Lease @53.83% over 3 Years		2016		20 000	1 866	18 134
						-
<b>Total Lease Liabilities</b>			157 287	471 131	234 305	394 113
<b>TOTAL EXTERNAL LOANS</b>			1 576 708	471 131	762 172	1 285 667

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## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.10 SUPPLY CHAIN MANAGEMENT

#### SUPPLY CHAIN MANAGEMENT

In the 2013/2014 financial year progress was made in the SCM department on the following projects:

A database of suppliers was brought up to standard and maintained;

Original tax clearance certificates was obtained and filed for suppliers;

Irregular, fruitless and wasteful expenditure was listed and disclosed;

Deviation forms were filled out by responsible staff and these expenses were listed and disclosed;

The Auditor General made reference to the progress made in this department.

No councillor is part of any of the committees handling Supply Chain processes.

Currently there is 2 permanent staff in the SCM department with the financial interns working as part of this department. All of them have received the relevant training for their level of responsibility.

### 5.11 GRAP COMPLIANCE

#### GRAP COMPLIANCE

Generally Recognised Accounting Practice provides rules by which municipalities are required to maintain financial accounts. Currently the municipality is fully GRAP

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complaint. The municipality received an unqualified audit report in which the Auditor General states that the municipality is GRAP compliant.

DRAFT

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## CHAPTER 6 – AUDITOR GENERAL FINDINGS

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### INTRODUCTION

In the 2013/2014 financial year the municipality obtained an unqualified audit report from the Auditor General for the first time in 4 years. This shows how much work have been poured into the administration by the municipality to get the correct controls in place, put the correct processes in place during the year and constant focus on doing things according to legislation. Getting an unqualified report is not just a focus on preparing GRAP compliant financials; it is a constant focus on processes, controls and legislation.

### COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2012/13

#### 6.1 AUDITOR GENERAL REPORTS 2012/13

Auditor General Report on Financial Performance 2012/2013	
<b>Audit Report status:</b>	Qualified
<b>Qualification</b>	<b>Remedial Action Taken</b>
PPE and Investment Property not revalued	Revalue PPE and Investment property
<b>Emphasis of matters</b>	<b>Remedial Action Taken</b>
Restatement of corresponding figures	None, not relevant in the future
Significant provision for impairment for receivables	Credit control and debt collection
Significant losses on electricity and water distribution	Electricity and water audit
Irregular expenditure	Put relevant controls in place to disclose

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## COMPONENT B: AUDITOR-GENERAL OPINION 2013/14

### 6.2 AUDITOR GENERAL REPORT 2013/14

Auditor General Report on Financial Performance 2013/2014	
<b>Audit Report status:</b>	Unqualified with matters
<b>Emphasis of matters</b>	<b>Remedial Action Taken</b>
Restatement of corresponding figures	None, not relevant in the future
Significant provision for impairment for receivables	Credit control and debt collection
Significant losses on electricity distribution	Electricity audit

Auditor General Report on Service Delivery Performance 2013/2014	
<b>Audit Report status:</b>	Disclaimer
<b>Emphasis of matters</b>	<b>Remedial Action Taken</b>
Usefulness of reported performance information	Performance information to be made SMART
Reliability of reported performance information	Performance information to be made SMART
Achievement of planned targets	Performance information to be made SMART

<b>AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS 2013/014</b>
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COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES: Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief financial officer states that these data sets have been returned according to the reporting requirements

Signed (Chief financial Officer).....

Dated

## FINANCIAL PERFORMANCE

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## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

### *1. REVIEW OF OPERATING RESULTS*

The overall operating results for the year ended 30 June 2014 as well as the comparison with the budgeted figures and the actual results of 2013 are reflected in the following table.

DESCRIPTION	ACTUAL 2014	BUDGET 2014	VARIANCE	VARIANCE ACTUAL AS	ACTUAL 2013
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				% OF BUDGET	
<b>INCOME</b>					
Operating Income	94 031 185	68 392 645	25 638 540	37,49	78 833 946
<b>EXPENDITURE</b>					
Operating Expenditure	71 959 808	74 860 427	2 900 619	3,87	76 928 879
Closing Surplus	22 071 377	-6 467 782	28 539 159	-441,25	9 933 150

Details of operating results per department and classification of income and expenditure is included in Appendix D.

## 2. OPERATING EXPENDITURE 2013/2014

EXPENDITURE	ACTUAL 2014	BUDGET 2014	VARIANCE	VARIANCE ACTUAL AS % OF BUDGET	ACTUAL 2013
Employee related costs	25 309 376	25 617 585	0	1	23 380 194
Remuneration of Councillors	2 372 134	2 398 185	26 051	1,09	2 220 515
Bad debts	4 818 880	2 913 825	-1 905 055	-65,38	965 589
Collection costs	372 360	372 360	0	0,00	329 363
Depreciation	3 776 335	4 513 435	737 100	16,33	5 275 884
Repairs and maintenance	2 802 980	3 668 318	865 338	23,59	2 858 855
Interest paid	1 339 079	1 264 551	-74 528	-5,89	1 249 739
Bulk purchases	15 016 782	17 629 950	2 613 168	14,82	13 462 391
Contracted services	529 162	543 060	13 898	2,56	379 008
Grants and subsidies paid	246 388	247 888	1 500	0,60	272 913
General expenses	14 689 713	14 889 614	199 901	1,34	13 792 438
Non-Current Provisions	639 529	801 656	162 127	20,22	790 007
Loss on disposal of property, equipment	47 090		-47 090		
<b>Total Expenditure</b>	<b>71 959</b>	<b>74 860 427</b>	<b>2 592 410</b>	<b>3,46</b>	<b>64 976 896</b>



	808			
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See Note 43 for explanation of differences.

### 3. OPERATING INCOME 2013/2014

6

INCOME	ACTUAL 2014	BUDGET 2014	VARIANCE	VARIANCE ACTUAL AS % OF BUDGET	ACTUAL 2013
Property rates	6 079 573	6 234 686	-155 113	-2,49	5 135 778
Service charges	34 032 722	35 035 336	-1 002 614	-2,86	31 944 002
Rental of facilities	151 989	149 200	2 789	1,87	177 950
Interest earned - ext invest	439 818	250 000	189 818	75,93	222 356
Interest earned - debtors	1 322 358	1 020 000	302 358	29,64	1 121 828
Fines	91 096	46 500	44 596	95,91	75 744
Licences and permits	1 388 551	1 384 600	3 951	0,29	1 260 013
Government grants - Operating	28 383 573	24 411 000	3 972 573	16,27	23 815 670
Government grants - Capital	25 167 484	0	25 167 484	-	12 337 523
Other income	423 326	403 873	19 453	4,82	1 300 976
Gain on Fair Value Adjustments	145 289		145 289		
LESS:Income Foregone	-3 594 594	-542 550	-3 052 044	562,54	-2481794
<b>Total Income</b>	<b>94 031 185</b>	<b>68 392 645</b>	<b>25 638 540</b>		<b>74 910 046</b>

#### 3.1. Operating Grants

The following operating grants were received during the year:

Equitable Share	20 312 000
Financial Management Grant	1 650 000
Municipal Systems Improvement Grant	890 000
Library Development	559 000

#### 4. MUNICIPAL EXTERNAL DEBT

At the end of the year the amount borrowed and outstanding were as follows:

TYPE	BALANCE 2013-06-30	RECEIVED	REDEEMED	BALANCE 2014-06-30
Annuity Loans	1 419 422	0	527 867	891 555
Lease Liability	157 286	471 131	234 305	394 112
<b>Total</b>	<b>1 576 708</b>	<b>471 131</b>	<b>762 172</b>	<b>1 285 667</b>

#### 5. RECEIVABLES FROM EXCHANGE TRANSACTIONS

7

	GROSS BALANCES R	PROVISION IMPAIRMENT R	NETT BALANCES R
<b>As at 30 June 2014</b>			
Electricity	3 908 100	2 569 354	1 338 746
Water	8 972 135	5 898 670	3 073 465
Refuse	7 077 101	4 652 792	2 424 309
Sewerage	4 562 052	2 999 290	1 562 762
Other Arrears	3 656 951	2 404 237	1 252 714
	<b>28 176 338</b>	<b>18 524 343</b>	<b>9 651 995</b>
Recognition of Revenue - Water	46 205		46 205
Recognition of Revenue - Electricity	240 687		240 687
Recognition of Revenue - Sanitation	0		0

	<b>28 463 231</b>	<b>18 524 343</b>	<b>9 938 888</b>
LESS: Long-Term Receivables	-955 333		-955 333
<b>Total: Receivables from Exchange Transactions</b>	<b>27 507 898</b>	<b>18 524 343</b>	<b>8 983 555</b>
PLUS: VAT Outstanding	3 695 773		3 695 773
<b>Total Receivables from Exchange Transactions</b>	<b>31 203 671</b>	<b>18 524 343</b>	<b>12 679 328</b>
<b>As at 30 June 2013</b>			

Electricity	3 916 871	2 480 682	1 436 189
Water	7 591 534	4 807 965	2 783 569
Refuse	5 824 633	3 688 929	2 135 704
Sewerage	3 260 131	2 064 747	1 195 384
Other Arrears	3 644 523	2 308 195	1 336 328
	24 237 692	15 350 518	8 887 174
Recognition of Revenue - Water	71 664		71 664
Recognition of Revenue - Electricity	330 812		330 812
Recognition of Revenue - Sanitation	77 935		77 935
	24 718 103	15 350 518	9 367 585
LESS: Long-Term Receivables	-663 319		-663 319
<b>Total Receivables from Exchange Transactions</b>	<b>24 054 784</b>	<b>15 350 518</b>	<b>8 704 266</b>

## 6. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

### *Other Receivables*

Rates	7 184 010	6 002 518
Miscellaneous	1 303 626	1 615 095
	<b>8 487 636</b>	<b>7 617 613</b>
LESS: Allowance for doubtful debts	-4 723 079	-3 344 926
<b>Total receivables from non-exchange transactions</b>	<b>3 764 557</b>	<b>4 272 687</b>

### Ageing of Receivables from Non- Exchange Transactions

#### *Rates: Ageing*

Current (0 - 30 days)	866 137	309 784
31 - 60 days	181 846	130 699
61 - 90 days	136 328	111 721
91 days and longer	5 999 699	5 450 314
	<b>7 184 010</b>	<b>6 002 518</b>

## Summary of Receivables by Customer Classification

8

<b>2014</b>	<b>Commercial</b>	<b>Residential</b>	<b>Government</b>	<b>Total</b>
Current (0 - 30 days)	713 611	2 659 687	628 012	4 001 310
31 - 60 days	46 513	756 106	58 283	860 902
61 - 90 days	30 383	701 441	41 500	773 324
91 days and longer	1 194 691	27 779 545	750 576	29 724 812
	1 985 198	31 896 779	1 478 371	35 360 348
		-20 970		-23 247
LESS: Provision for doubtful debts	-1 305 155	322	-971 945	422
<b>Total recoverable debtors by customer classification</b>	<b>680 043</b>	<b>10 926 457</b>	<b>506 426</b>	<b>12 112 926</b>

<b>2013</b>				
Current (0 - 30 days)	671 048	1 463 206	285 852	2 420 106
31 - 60 days	115 625	723 150	148 715	987 490
61 - 90 days	89 031	772 680	169 721	1 031 432
91 days and longer	1 423 498	23 600 990	772 602	25 797 090
	2 299 202	26 560 026	1 376 890	30 236 118
		-14 810		-16 860
LESS: Provision for doubtful debts	-1 282 113	775	-767 801	689
<b>Total recoverable debtors by customer classification</b>	<b>1 017 089</b>	<b>11 749 251</b>	<b>609 089</b>	<b>13 375 429</b>

## 7. NON-CURRENT PROVISIONS

	<b>2014</b>	<b>2013</b>
Provision for Post-Retirement Benefits	10 160 471	7 967 904
Provision for Long Service Awards	1 510 876	1 352 352
Provision for Rehabilitation Landfill Sites	4 366 221	3 969 292
	<b>16 037 568</b>	<b>13 289 548</b>

## 8. CURRENT LIABILITIES

Consumer Deposits	584 542	503 310
Current Employee Benefits	2 735 969	2 535 408
Current Portion of Non-Current Provision	485 136	441 032
Current Portion of Long-Term Liabilities	701 563	620 769
Payables of Exchange Transactions	6 231 277	9 260 157
Unspent Conditional Grants and Receipts	115 001	1 698 005

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Unspent Public Contributions	26 474	26 474
VAT Payable	3 695 773	3 191 849
	<b>14 575 735</b>	<b>18 277 004</b>

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## 9. CURRENT ASSETS

Inventory	56 241	40 611
Receivables from Exchange Transactions	12 679 328	11 896 115
Receivables from Non-Exchange Transactions	3 764 557	4 272 687
VAT Receivable	813 820	87 650
Current Portion of Long-Term Receivables	355 742	166 908
Call Investment Deposits	1 872 250	507 271
Bank Balance and Cash	486 811	4 482 011
	<b>20 028 749</b>	<b>21 453 253</b>

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## 10. LONG-TERM RECEIVABLES

Agreements for longer than 12 months by consumers to settle outstanding debt	955 333	663 319
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## 11. EXPRESSION OF APPRECIATION

I am grateful to the Municipal Manager and Head of Departments for the support during the financial year. I am also thankful for all staff in the finance department for the effort they put in and for their dedication.

CHIEF FINANCIAL OFFICER

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# AUDITOR GENERAL REPORT

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## REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON HANTAM LOCAL MUNICIPALITY REPORT ON THE FINANCIAL STATEMENTS

### Introduction

1. I have audited the financial statements of the Hantam Local Municipality set out on pages 10 to 61, which comprise the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### Accounting Officer's responsibility for the separate financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Hantam Local Municipality as at 30 June 2014 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the requirements of the MFMA and the DoRA.



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#### **Emphasis of matters**

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

#### **Restatement of corresponding figures**

8. As disclosed in note 46 to the financial statements, the corresponding figures for 30 June 2013 have been restated as a result of an error discovered during 2014 in the financial statements of the municipality at, and for the year ended, 30 June 2013.

#### **Material losses/impairments**

9. As disclosed in note 16 to the financial statements, a significant provision for the impairment of receivables from exchange transactions was made which constitutes R18 524 343 the total receivables from exchange transactions balance.
10. As disclosed in note 17 to the financial statements, a significant provision for the impairment of receivables from non-exchange transactions was made which constitutes R4 723 079 total receivables from non-exchange transactions balance.
11. As disclosed in note 44 to the financial statements, material losses to the amount of R3 235 378 were incurred as a result of the distribution of electricity.

#### **Additional matter**

12. I draw attention to the matter below. My opinion is not modified in respect of this matter.

#### **Unaudited supplementary information**

13. The supplementary information set out on appendixes A to E does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

#### **Unaudited disclosure notes**

14. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

15. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

#### **Predetermined objectives**

16. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2014:
- KPA 2: Basic Service Delivery on pages 51 to 195.
  - KPA 5: Good Governance and Public Participation on pages 51 to 195.



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17. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
  18. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
  19. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
  20. The material findings in respect of the selected objectives are as follow:

#### **KPA 2: Basic Service Delivery**

##### **Usefulness of reported performance information**

21. The FMPPI requires indicators to relate logically and directly to an aspect of the auditee's mandate and the realisation of strategic goals and objectives. The relevance of the indicators could not be assessed due to a lack of corroborative supporting evidence to verify management's explanation why the indicators were considered important and relevant to the realisation of strategic goals and objectives.
22. The FMPPI requires the following:
  - Performance targets must be specific in clearly identifying the nature and required level of performance and must be measurable and the period or deadline for delivery of targets must be specified.
  - Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. Performance indicators must also be verifiable.
23. The measurability of planned targets and indicators could not be assessed due to a lack of technical indicator descriptions, proper systems and processes and formal standard operating procedures or documented system descriptions.

##### **Reliability of reported performance information**

24. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. We were unable to obtain the information and explanations we considered necessary to satisfy ourselves as to the reliability of the reported performance information. This was due to limitations placed on the scope of our work due to the absence of information systems, the fact that the auditee could not provide sufficient appropriate evidence in support of the reported performance information and the lack of usefulness of the indicators and targets.

#### **KPA 5: Good Governance and Public Participation**

##### **Usefulness of reported performance information**

25. The FMPPI requires indicators to relate logically and directly to an aspect of the auditee's mandate and the realisation of strategic goals and objectives. A total of 29% of

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the indicators did not relate logically and directly to an aspect of the auditee's mandate and the realisation of strategic goals and objectives as per the three-year strategic plan. This was because proper performance planning and management practices had not been implemented to provide for the development of performance indicators and targets included in the annual performance strategic plan.

26. The FMPPI requires the following:

- Performance targets must be specific in clearly identifying the nature and required level of performance must be measurable and the period or deadline for delivery of targets must be specified, and
- Performance indicators/measures must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. Performance indicators/measures must also be verifiable.

27. The measurability of planned targets and indicators could not be assessed due to a lack of technical indicator descriptions, proper systems and processes and formal standard operating procedures or documented system descriptions.

#### **Reliability of reported performance information**

28. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. We were unable to obtain the information and explanations we considered necessary to satisfy ourselves as to the reliability of the reported performance information. This was due to limitations placed on the scope of our work due to the absence of information systems, the fact that the auditee could not provide sufficient appropriate evidence in support of the reported performance information and the lack of usefulness of the indicators and targets.

#### **Achievement of planned targets**

29. Refer to the annual performance report on pages 51 to 195 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected objectives reported in paragraphs 18 to 25 of this report.

#### **Compliance with legislation**

30. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

#### **Strategic planning and performance management**

31. The local community was not consulted by means of a municipal wide structure for community participation or through a forum that enhances community participation in drafting and implementing the Integrated development plan (IDP), as required by section 28 of the MSA and Municipal Planning and Performance Management Regulation 15(1)(a)(i).



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32. The IDP was not annually reviewed based on the assessment of its performance measurements or changing circumstances, as required by section 34 of the MSA and Municipal Planning and Performance Management Regulation 3 and 11.
33. The performance management system
- did not clarify the roles and responsibilities of each role-player; and
  - did not determine the frequency of reporting and the lines of accountability; and
  - did not relate to the employee's performance management processes as required by section 38(a) of the MSA and Municipal Planning and Performance Management Regulation 7(2)(c to g).
34. Measurable performance targets for the financial year with regard to each of the development priorities or objectives and key performance indicators were not set in the IDP, as required by section 41(1)(b) of the MSA and the Municipal Planning and Performance Management Regulation 12(1) and 12(2)(e).
35. The annual performance report for the year under review did not include a comparison of the performance with set targets and a comparison with the previous financial year and measures taken to improve performance, as required by section 46 (1)(b) of the MSA.

#### **Budgets**

36. Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.
37. Expenditure was approved as unforeseen and unavoidable which was considered by the council but not included in the approved annual budget, in contravention of Municipal Budget and Reporting Regulation 71(2).

#### **Annual financial statements and annual report**

38. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA.
39. Material misstatements of non-current assets, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

#### **Expenditure management**

40. Reasonable steps were not taken to prevent unauthorised expenditure, irregular expenditure, fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

#### **Asset management**

41. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

#### **Consequence management**

42. Unauthorised and irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a)(ii) of the MFMA.

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43. The condonation of irregular expenditure was not approved by the appropriate relevant authority, as required by section 1 and 170 of the MFMA.

#### **Procurement and contract management**

44. Sufficient appropriate audit evidence could not be obtained that bid specifications for procurement of goods and services through competitive bids were drafted in an unbiased manner that allowed all potential suppliers to offer their goods or services, as per required by SCM Regulation 27(2)(a).
45. Bid specifications were not always drafted by bid specification committees which were composed of one or more officials of the municipality as required by SCM Regulation 27(3).
46. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding, as required by SCM Regulations 21(b) and 28(1)(a) and Preferential Procurement Regulations.
47. Bid adjudication was not always done by committees which were composed in accordance with SCM Regulation 29(2).
48. Construction contracts were awarded to contractors that were not registered with the Construction Industry Development Board (CIDB), in accordance with section 18(1) of the CIDB Act.
49. Construction projects were not always registered with the CIDB, as required by section 22 of the CIDB Act and CIDB Regulation 18.

#### **Grants**

50. The Municipal Infrastructure Grant allocation was not spent in accordance with the applicable grant framework, in contravention of section 16(1) of the DoRA.
51. Municipal Infrastructure Grant funds were retained to the next financial year without seeking the approval of the National Treasury, as required by sections 21(1) of the DoRA.
52. The municipality did not evaluate its performance in respect of programmes or functions funded by the Municipal Systems Improvement Grant allocation, as required by section 12(5) of the DoRA.
53. Municipal Systems Improvement Grant funds were retained to the next financial year without seeking the approval of the National Treasury, as required by sections 21(1) of the DoRA.
54. The municipality did not evaluate its performance in respect of programmes or functions funded by the Local Government Financial Management Grant allocation, as required by section 12(5) of the DoRA.

#### **Internal control**

55. I considered internal control relevant to my audit of the financial statements, section 47 performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, the findings on the section 47 performance report and the findings on non-compliance with legislation included in this report.

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### **Leadership**

56. The accounting officer did not exercise adequate oversight responsibility over the preparation of the financial statements, the report on predetermined objectives, compliance with laws and regulations, and internal control. The leadership did not implement processes to ensure that reviews took place before information was submitted. This was also evidenced by the material misstatements in the financial statements, non-compliance with laws and regulations and internal control deficiencies noted throughout the audit process.

### **Financial and performance management**

57. Manual or automated controls were not designed to ensure that the transactions had occurred, were authorised and were completely and accurately processed in all instances, while the system of internal control was not adequately designed. Certain corrective measures were not implemented to address the shortcomings in the financial statements and related systems.
58. Material amendments had to be made to the financial statements as these were not accurate and complete, because senior management did not pick up inconsistencies during the review process. This indicates that there were weaknesses in internal control with regard to the review process of the financial statements.
59. There were deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.

### **Governance**

60. The internal audit unit did not conduct internal audits or reviews of performance information systems and management thereof that focused on compliance aspects as well as the usefulness and reliability of the reported performance information.

*Auditor - General*

Kimberley

30 November 2014



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

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END OF CHAPTER 6

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# GLOSSARY

## GLOSSARY

<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.

# GLOSSARY

<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>General Key performance indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.



# GLOSSARY

<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National Key performance areas</b>	<ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the

# GLOSSARY

	achievement of a Key Result Area.
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery Budget Implementation Plan</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote:</b>	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: <i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional</i>

# GLOSSARY

	<i>areas of the municipality; and b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i>
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